

# Annual Securities Report

*Fiscal year*                      *From April 1, 2023*  
*FY2023*                              *to March 31, 2024*

*(The 104th Term)*

**NHK Spring Co., Ltd.**  
**and Consolidated Subsidiaries**

## Cover

Document title	Annual Securities Report
Clause of stipulation	Article 24, paragraph (1) of the Financial Instruments and Exchange Act
Place of filing	Director-General of the Kanto Local Finance Bureau
Filing date	June 26, 2024
Fiscal year	104th fiscal year (April 1, 2023 through March 31, 2024)
Company name	日本発条株式会社 ( <i>Nippon Hatsujo Kabushiki Gaisha</i> )
Company name in English	NHK SPRING CO., LTD.
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Name of contact person	Takeshi Mima, Director of Accounting Department, Corporate Planning and Control Division
Place for public inspection	Nagoya Branch, NHK SPRING CO., LTD. (2-249 Kamiyashiro, Meito-ku, Nagoya, Japan) Osaka Branch, NHK SPRING CO., LTD. (3-5-24 Miyahara, Yodogawa-ku, Osaka, Japan) Tokyo Stock Exchange, Inc. (2-1 Nihombashi Kabutocho, Chuo-ku, Tokyo)

## Part I. Company Information

### I. Overview of the Company

#### 1. Trends in key financial indicators

##### (1) Consolidated financial indicators

Fiscal year		100th	101st	102nd	103rd	104th
Fiscal year ended		March 31, 2020	March 31, 2021	March 31, 2022	March 31, 2023	March 31, 2024
Net sales	(Millions of yen)	664,499	572,639	586,903	693,246	766,934
Ordinary profit	(Millions of yen)	21,266	14,533	30,674	37,317	47,814
Profit attributable to owners of parent	(Millions of yen)	4,612	9,396	31,998	21,537	39,188
Comprehensive income	(Millions of yen)	(2,019)	21,730	45,791	36,917	71,866
Net assets	(Millions of yen)	286,553	299,975	338,847	365,860	420,574
Total assets	(Millions of yen)	532,615	560,769	588,091	606,039	690,289
Net assets per share	(Yen)	1,151.04	1,245.48	1,414.87	1,541.70	1,828.86
Basic earnings per share	(Yen)	19.46	40.45	140.33	94.50	173.27
Diluted earnings per share	(Yen)	–	–	–	–	–
Equity-to-asset ratio	(%)	50.9	50.6	54.9	57.6	58.7
Return on equity	(%)	1.7	3.4	10.5	6.4	10.4
Price earnings ratio	(Times)	36.4	20.5	6.3	10.0	8.6
Cash flows from operating activities	(Millions of yen)	36,621	29,636	34,505	13,656	66,706
Cash flows from investing activities	(Millions of yen)	(45,809)	(24,107)	4,987	(41,758)	(10,349)
Cash flows from financing activities	(Millions of yen)	(16,950)	2,792	(27,658)	(11,546)	(20,996)
Cash and cash equivalents at end of period	(Millions of yen)	74,314	78,986	91,894	57,845	93,065
Number of employees	(Persons)	18,419 [3,583]	18,375 [3,403]	17,695 [3,387]	17,612 [2,988]	17,739 [2,785]

- Notes:
- The number of employees is the number of full-time employees.
  - The figures in parentheses in the “Number of employees” column indicate the annual average number of temporary employees.
  - Information on diluted earnings per share is omitted due to an absence of potential shares.
  - The Company has introduced a stock compensation plan using a trust for its Directors (excluding outside Directors) from the 103rd fiscal year. In calculating the net assets per share, the Company’s shares held by the trust are included in the treasury shares deducted from the number of issued shares as of the end of the fiscal period. In addition, in calculating the basic earnings per share, the Company’s shares held by the trust are included in the treasury shares deducted from the average number of shares during the period.
  - The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant revised ASBJ regulations from the beginning of the 102nd fiscal year, and key financial indicators for the 102nd fiscal year onward are those after applying the accounting standard and relevant revised ASBJ regulations.

(2) Financial indicators of the Reporting Company

Fiscal year		100th	101st	102nd	103rd	104th
Fiscal year ended		March 31, 2020	March 31, 2021	March 31, 2022	March 31, 2023	March 31, 2024
Net sales	(Millions of yen)	300,149	264,687	257,895	293,223	321,540
Ordinary profit	(Millions of yen)	10,155	11,071	28,283	31,533	23,776
Profit (loss)	(Millions of yen)	(6,807)	4,961	31,052	4,442	31,910
Share capital	(Millions of yen)	17,009	17,009	17,009	17,009	17,009
Total number of issued shares	(Shares)	244,066,144	244,066,144	244,066,144	244,066,144	244,066,144
Net assets	(Millions of yen)	155,289	161,221	188,454	186,421	209,750
Total assets	(Millions of yen)	338,273	358,804	382,276	389,756	439,340
Net assets per share	(Yen)	659.60	707.05	826.49	822.99	947.12
Dividends per share	(Yen)	17.00	17.00	27.00	32.00	42.00
[Interim dividends per share]	(Yen)	[12.00]	[5.00]	[12.00]	[15.00]	[17.00]
Basic earnings (loss) per share	(Yen)	(28.73)	21.36	136.18	19.49	141.09
Diluted earnings per share	(Yen)	–	–	–	–	–
Equity-to-asset ratio	(%)	45.9	44.9	49.3	47.8	47.7
Return on equity	(%)	–	3.1	17.8	2.4	16.1
Price earnings ratio	(Times)	–	38.9	6.5	48.6	10.6
Payout ratio	(%)	–	79.6	19.8	164.2	29.8
Number of employees	(Persons)	5,076 [163]	5,061 [129]	5,013 [118]	5,053 [111]	5,100 [97]
Total shareholder return	(%)	72.9	86.9	95.2	104.6	164.2
[Comparison benchmark: TOPIX]	(%)	[90.5]	[128.6]	[131.2]	[2.0]	[196.2]
Highest share price	(Yen)	1,084	878	1,063	984	1,546
Lowest share price	(Yen)	574	575	744	795	895

- Notes:
- 1 The number of employees is the number of full-time employees.
  - 2 The figures in parentheses in the “Number of employees” column indicate the annual average number of temporary employees.
  - 3 Diluted earnings per share for the 100th fiscal year is not shown since the Company posted a basic loss per share and there are no potential shares.
  - 4 Diluted earnings per share for the 101st, 102nd, 103rd and 104th fiscal years is not shown, because there are no potential shares.
  - 5 The Company has introduced a stock compensation plan using a trust for its Directors (excluding outside Directors) from the 103rd fiscal year. In calculating the net assets per share, the Company’s shares held by the trust are included in the treasury shares deducted from the number of issued shares as of the end of the fiscal period. In addition, in calculating the basic earnings per share, the Company’s shares held by the trust are included in the treasury shares deducted from the average number of shares during the period.
  - 6 Return on equity, price earnings ratio, and payout ratio for the 100th fiscal year are not shown due to net loss for the year.
  - 7 The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant revised ASBJ regulations from the beginning of the 102nd fiscal year, and key financial indicators for the 102nd fiscal year onward are those after applying the accounting standard and relevant revised ASBJ regulations.
  - 8 The highest and lowest share prices are those quoted on the Tokyo Stock Exchange Prime Market on or after April 4, 2022, and on the Tokyo Stock Exchange 1st Section before April 4, 2022.

## 2. History

The Company was established in June 1936 for the purpose of manufacturing automotive and vehicle springs. We have a history of over 80 years in the field of automotive suspension springs, and have grown to the present day while expanding our business to include precision springs for automobiles, home appliances, and information equipment, as well as automotive seats.

Month/Year	Summary
June 1936	Established as Shibaura Spring.
September 1939	Shibaura Spring changed its name and founded as NHK SPRING CO., LTD.
November 1940	Head Office moved to Yokohama-shi, Kanagawa with the start of automotive suspension spring operation at Yokohama Plant.
December 1943	Ina Plant started production of precision springs.
December 1953	Participated in the management of YOKOHAMA KIKO CO., LTD. (now a consolidated subsidiary).
March 1954	Listed on the Tokyo Stock Exchange.
February 1958	NHK Precision Co., Ltd. (now a consolidated subsidiary) established.
May 1958	Merger with Daido Spring Co., Ltd., a manufacturer of suspension springs, to make it the Company's Kawasaki Plant.
May 1959	The sales division of automotive repair springs spun off and established as NHK SALES CO., LTD. (now a consolidated subsidiary).
June 1961	A new plant specializing in precision springs established at Kawasaki Plant. Toyota Plant established in Toyota-shi, Aichi as a plant specializing in automotive seats.
December 1962	A new plant specializing in automotive seats established at Kawasaki Plant.
July 1963	NHK TRANSPORT CO., LTD. (now a consolidate subsidiary) established.
December 1963	A joint venture company NHK Spring (Thailand) Co., Ltd. (now a consolidated subsidiary) established in Thailand.
August 1964	Hiroshima Plant established in Aki-gun (now Hiroshima-shi), Hiroshima as a plant specializing in automotive seats.
December 1968	Participated in the management of NIPPON SHAFT CO., LTD. (now a consolidated subsidiary).
July 1969	Ota Plant established in Ota-shi, Gunma as a plant specializing in automotive seats.
May 1970	Atsugi Plant established in Aiko-gun, Kanagawa as a plant specializing in piping support equipment.
November 1970	The plant specializing in precision springs at Kawasaki Plant closed and relocated to a newly established Atsugi Plant.
November 1973	Shiga Plant established in Koka-gun (now Koka-shi), Shiga as a plant specializing in automotive suspension springs.
February 1975	Capital participation in the Brazilian leaf spring manufacturer Cimebra, and a joint venture company NHK Cimebra Indústria de Molas Ltda. established in Brazil.
December 1975	Participated in the management of Sumihatsu Co., Ltd. (now a consolidated subsidiary).
April 1980	Acquired Kabushiki Kaisha Sanchu Ko (Komaki-shi, Aichi) and reorganized it as Komaki Plant, Industrial Machinery Division.
September 1980	A joint venture company Eguzkia NHK S.A. established in Spain.
May 1981	A chemical products plant established in Komagane-shi, Nagano.
November 1983	Komagane Plant established as a plant specializing in control cables.
September 1986	A joint venture company NHK-Associated Spring Suspension Components Inc. (now NHK of America Suspension Components Inc., a consolidated subsidiary) established in the U.S.
October 1986	A precision components plant established in Komagane-shi, Nagano.
December 1986	Gunma Plant established in Nitta-gun (now Ota-shi), Gunma as a plant specializing in automotive seats.
April 1987	NIPPATSU SERVICE Co., Ltd. (now a consolidated subsidiary) established through merger with Nippo Kabushiki Kaisha.
May 1987	General Seating of America established in the U.S. (now NHK Seating of America Inc., a consolidated subsidiary) and General Seating of Canada established in Canada through a joint venture with Lear Seating Corporation (now Lear Corporation).
September 1987	Acquired assets of the mather metal division of Neoax in the U.S. to establish New Mather Metals Inc. (now a consolidated subsidiary).
November 1987	Yokohama Office established in Kanazawa-ku, Yokohama as a plant specializing in automotive suspension springs.
November 1989	A joint venture company Ibérica de Suspensiones, S.L. established in Spain.
April 1990	Yokohama Plant (seating) (relocated from Kawasaki-shi, Kanagawa) established at Yokohama Office.

Month/Year	Summary
October 1990	NHK Precision Co., Ltd. started to offer its shares to the public through the over-the-counter market.
December 1990	Closed Hiroshima Plant and transferred it to Higashi-Hiroshima-shi, Hiroshima.
February 1991	Head Office transferred from Isogo-ku, Yokohama to Yokohama Office in Kanazawa-ku.
March 1993	A plant of the Industrial Machinery and Equipment Division relocated to a newly established plant in Isehara-shi, Kanagawa.
July 1994	NHK Manufacturing (Malaysia) SDN. BHD. (now a consolidated subsidiary) established in Malaysia.
December 1994	NHK Spring (Hong Kong) Co., Ltd. established in Hong Kong.
April 1995	ITES Co., Ltd. (now a consolidated subsidiary) established.
July 1996	Acquired Fabrini, a Brazilian suspension spring manufacturer, jointly with Rasini of Mexico.
August 1996	In Thailand, NHK Spring (Thailand) Co., Ltd. (now a consolidated subsidiary) started operations at its second plant for automotive seats and interior products and precision spring plant, and started construction of the second automotive suspension spring plant.
October 1996	General Seating (Thailand) Co., Ltd. established as a joint venture with Lear Corporation of the U.S. to manufacture automotive seats.
October 1996	Suspension Plant No. 2 established in Komagane-shi, Nagano as a plant specializing in HDD suspensions.
October 1996	Production plant for parking equipment transferred from Komaki-shi, Aichi to Yasu-gun (now Yasu-shi), Shiga.
September 1997	NHK SALES CO., LTD. (now a consolidated subsidiary) started to offer its shares to the public through the over-the-counter market.
January 1998	Capital participation in Jamna Group, a manufacturer of automotive suspension springs in India, to which the Company had provided technical assistance for the past 10 years.
March 1998	Closure of Hiroshima Plant for the purpose of consolidating production sites.
April 1998	JAMNA-NHK-ALLEVARD Suspension Components Ltd., a joint venture with Jamna Group of India, established.
September 1998	Merged Fabrini and NHK Cimebra Indústria de Molas Ltda. in Brazil jointly with Rasini of Mexico to establish Rassini-NHK Autopeças Ltda.
July 1999	Suspension Plant No. 3 established in Komagane-shi, Nagano as a plant specializing in HDD suspensions.
July 2000	NHK Parking Systems Co., Ltd. (now a consolidated subsidiary) established as a joint venture with NHK TRANSPORT CO., LTD.
October 2001	Faurecia-NHK Co., Ltd. and FAURECIA-NHK KYUSHU CO., LTD. (now a consolidated subsidiary) established as joint venture companies with Faurecia of France.
May 2002	NHK-Uni Spring (Guangzhou) Co., Ltd. (now a consolidated subsidiary), a joint venture company, established in China.
June 2002	Acquisition of additional shares of NHK Parking Systems Co., Ltd. (now a consolidate subsidiary) from NHK TRANSPORT CO., LTD. (now a consolidate subsidiary) to make the former a wholly owned subsidiary.
September 2003	Ibérica de Suspensiones, S.L. in Spain merged with Eguzkia NHK S.A.
October 2003	NHK Precision Co., Ltd. (now a consolidated subsidiary) became a wholly owned subsidiary through a share exchange.
October 2003	HORIKIRI, INC. (now a consolidated subsidiary) became a subsidiary.
October 2003	NHK Spring Precision (Guangzhou) Co., Ltd. (now a consolidated subsidiary) established in China.
November 2003	NHK Spring (Shenzhen) Co., Ltd. established in China.
November 2003	NAT Peripheral (H.K.) Co., Ltd. (now a consolidated subsidiary), a joint venture company, established in China.
April 2004	Acquisition of additional shares of Uniflex (now NHK FLEX Co., Ltd., a consolidate subsidiary) to make it a wholly owned subsidiary.
January 2005	New Mather Metals Inc. became a wholly owned subsidiary of NHK International Corporation (now a consolidated subsidiary) through a share exchange.
April 2005	NHK Spring Precision of America, Inc. (now a consolidated subsidiary) established in the U.S.
May 2005	Acquisition of additional shares of NHK-Associated Spring Suspension Components Inc. (now NHK of America Suspension Components Inc., a consolidated subsidiary) to make it a wholly owned subsidiary.
December 2005	Acquired Tokuhatsu Co., Ltd. (now a consolidated subsidiary) from Daido Steel Co., Ltd.
January 2006	Acquisition of additional shares of General Seating of America (now NHK Seating of America Inc., a consolidated subsidiary) to make it a wholly owned subsidiary.
September 2006	NHK Precision (Thailand) Co., Ltd. became a consolidated subsidiary.
September 2006	TOHOKU NIPPATSU CO., LTD. became a consolidated subsidiary.
July 2007	Shares of Thai Automotive Seating & Interior Co., Ltd. sold to Toyota Boshoku.
December 2007	FAURECIA-NHK KYUSHU CO., LTD. became a consolidated subsidiary.
April 2008	NIPPATSU SERVICE Co., Ltd. merged with Nippatsu Amenity.

Month/Year	Summary
April 2009	NHK Spring India Ltd. became a consolidated subsidiary.
November 2009	Tokyo Sales Branch and Yokohama Sales Branch integrated and relocated to Yokohama Minatomirai Sales Branch.
September 2010	YOKOHAMA KIKO CO., LTD. (now a consolidated subsidiary) became a wholly owned subsidiary through a share exchange.
November 2010	NHK Seating (Hubei) Co., Ltd. (now a consolidated subsidiary) established in China.
December 2010	Acquisition of additional shares of NHK Teleflex (now NHK MEC Corporation, a consolidate subsidiary) to make it a wholly owned subsidiary.
February 2011	NAT Peripheral (Dongguan) Co., Ltd. (now a consolidated subsidiary) established in China.
April 2011	The spring business of YOKOHAMA KIKO CO., LTD. spun off and established as NHK Spring Production Company (now a consolidated subsidiary).
April 2011	FNK China Co., Ltd. established in China.
July 2011	Acquired the precision spring business of Bombay Burmah Trading Corporation Ltd. in India to establish NHK Automotive Components India Private Limited.
November 2011	NHK Spring (China) Co., Ltd. (now a consolidated subsidiary) established in China.
April 2012	NHK SALES CO., LTD. (now a consolidated subsidiary) became a wholly owned subsidiary through a share exchange.
April 2012	Topura Co., Ltd. (now a consolidated subsidiary) became a wholly owned subsidiary through a share exchange.
May 2012	NHK Seating (Zhengzhou) Co., Ltd. established in China.
May 2012	Faurecia NHK (Xiangyang) Automotive Seating Co., Ltd. established in China as a joint venture with Faurecia of France.
August 2012	Acquired SUN NHK PHILIPPINES, INC. and changed its name to NHK Spring Philippines, INC.
October 2012	P.T. NHK F. KBU Indonesia Automotive Seating established in Indonesia as a joint venture with P.T. KARYA BAHANA UNIGAM of Indonesia and Faurecia of France.
February 2013	NHK F. Krishna India Automotive Seating Private Limited established in India as a joint venture with Krishna Group of India.
September 2013	NHK Spring Mexico, S.A. DE. C.V. (now a consolidated subsidiary) established in Mexico.
March 2014	NHK Spring Europe B.V. (now a consolidated subsidiary), a holding company, established in the Netherlands.
April 2014	Topura America Fastener, Inc. became a consolidated subsidiary.
September 2014	NHK SPRING KYUSHU CO., LTD. (now a consolidated subsidiary) established in Miyako-gun, Fukuoka.
March 2015	Acquisition of additional shares of NAT Peripheral (H.K.) Co., Ltd. (now a consolidated subsidiary) to make it a wholly owned subsidiary.
April 2015	NHK Spring Hungary KFT. (now a consolidated subsidiary) established in Hungary.
July 2017	NHK SEATING MIZUSHIMA Co., Ltd. (now a consolidated subsidiary) established in Kurashiki-shi, Okayama.
February 2019	NAT Peripheral (H.K.) Co., Ltd. merged with NHK Spring (Hong Kong) Co., Ltd.
March 2019	Miyada Plant established in Kamiina-gun, Nagano.
July 2021	Sold all of its equity interest in NHK Seating (Zhengzhou) Co., Ltd. (excluded from the scope of consolidation).
April 2022	Moved from the First Section of the Tokyo Stock Exchange to the Prime Market due to a revision of the Tokyo Stock Exchange's market classification.

### 3. Description of business

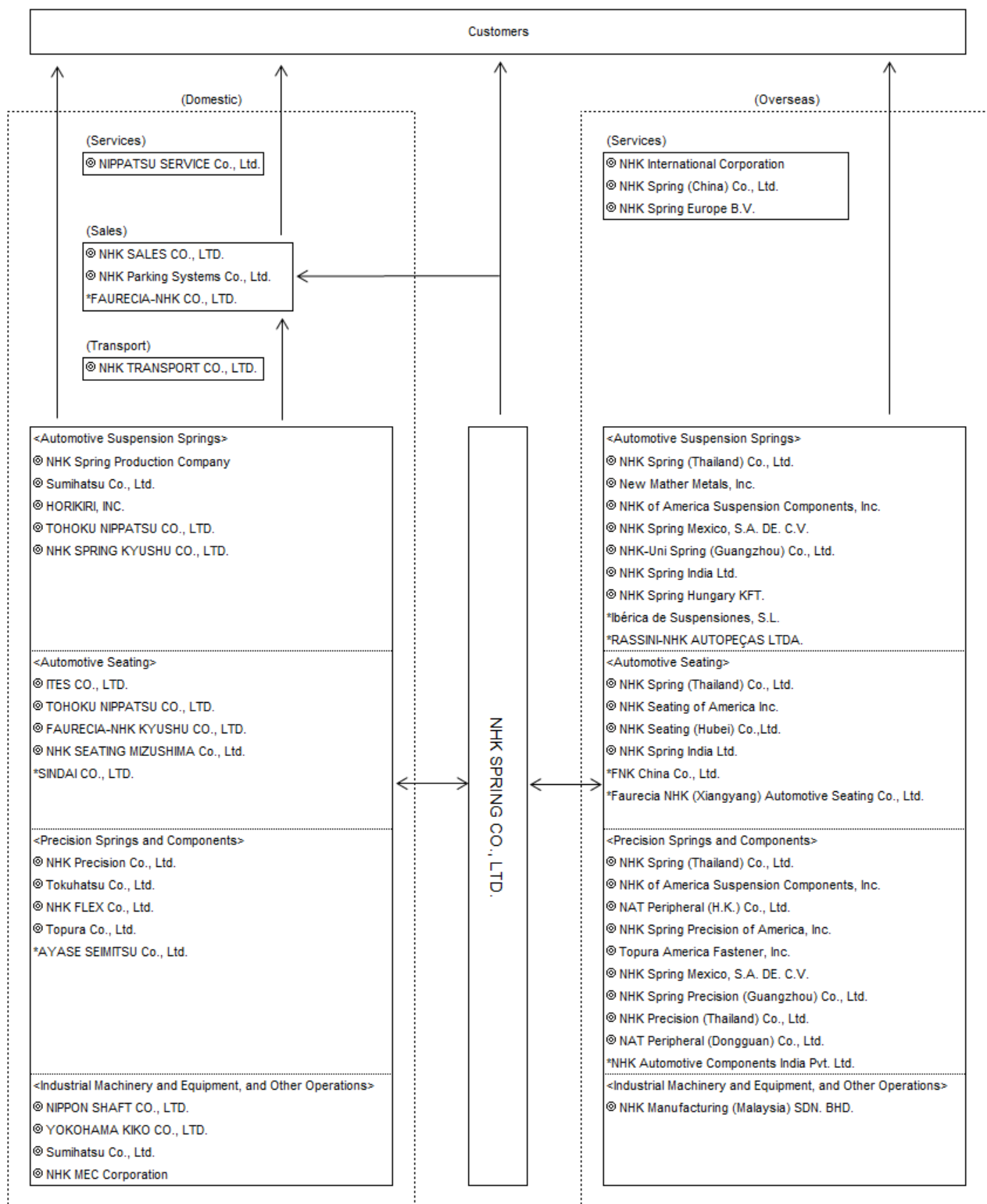
Consisting of the Company, 67 subsidiaries (including 39 overseas subsidiaries), and 10 affiliates (including 7 overseas affiliates), the Group is mainly engaged in the manufacture and sale of automotive parts such as suspension springs, seats and seat parts, and precision parts, as well as the manufacture and sale of information equipment-related products and parts, and logistics and other service businesses related to the above businesses.

The positioning of the Group's businesses and their relationship to the segments are as follows. The following business segments are the same as the segments.

Business segment	Sales category	Area		Principal companies
Automotive Suspension Springs Business	Coil springs, leaf springs, stabilizer bars, accumulators, torsion bars, stabilizer links, stabilinker and others	Do-mestic	Manufacture and sales	NHK SPRING CO., LTD., NHK Spring Production Company, Sumihatsu Co., Ltd., HORIKIRI, INC., TOHOKU NIPPATSU CO., LTD., NHK SPRING KYUSHU CO., LTD., etc.
		Over-seas	Manufacture, sales, and other	NHK Spring (Thailand) Co., Ltd., NHK International Corporation, New Mather Metals Inc., NHK of America Suspension Components Inc., NHK Spring Europe B.V., NHK-Uni Spring (Guangzhou) Co., Ltd., NHK Spring India Ltd., NHK Spring Mexico, S.A. DE. C.V., NHK Spring Hungary KFT., etc.
Automotive Seating Business	Automotive seats, seat parts, interior parts, etc.	Do-mestic	Manufacture and sales	NHK SPRING CO., LTD., ITES Co., Ltd., TOHOKU NIPPATSU CO., LTD., FAURECIA-NHK KYUSHU CO., LTD., NHK SEATING MIZUSHIMA Co., Ltd., etc.
		Over-seas	Manufacture and sales	NHK Spring (Thailand) Co., Ltd., NHK Seating of America Inc., NHK Seating (Hubei) Co., Ltd., NHK Spring India Ltd., etc.
Precision Springs and Components Business	HDD suspensions, HDD parts, wire springs, thin leaf springs, motor cores, LCD/semiconductor testing probe units, fasteners, precision machined components, etc.	Do-mestic	Manufacture and sales	NHK SPRING CO., LTD., NHK Precision Co., Ltd., Tokuhatsu Co., Ltd., NHK FLEX Co., Ltd., Topura Co., Ltd. etc.
		Over-seas	Manufacture and sales	NHK Spring (Thailand) Co., Ltd., NHK of America Suspension Components Inc., NAT Peripheral (H.K.) Co., Ltd., NHK Spring Precision of America, Inc., Topura America Fastener, Inc., NHK Spring Mexico, S.A. DE. C.V., NHK Spring Precision (Guangzhou) Co., Ltd., NHK Precision (Thailand) Co., Ltd., NAT Peripheral (Dongguan) Co., Ltd., etc.
Industrial Machinery and Equipment, and Other Operations Business	Semiconductor process components, ceramic products, spring components, piping support equipment, integrated metal substrates, parking equipment, security products, lighting fixtures, golf shafts, electronic remote controls for ships, etc.	Do-mestic	Manufacture and sales	NHK SPRING CO., LTD., YOKOHAMA KIKO CO., LTD., NIPPON SHAFT CO., LTD., Sumihatsu Co., Ltd., NHK MEC Corporation, etc.
			Sales	NHK SALES CO., LTD., NHK Parking Systems Co., Ltd., NIPPATSU SERVICE Co., Ltd., etc.
			Transport	NHK TRANSPORT CO., LTD.
		Over-seas	Manufacture, sales, and other	NHK Manufacturing (Malaysia) SDN. BHD. and NHK Spring (China) Co., Ltd.



The following chart shows the Group's business structure.



Notes:

© denotes consolidated subsidiaries.

\* denotes companies accounted for by the equity method.

Arrows indicate product flow.

#### 4. Overview of subsidiaries and associates

Name	Address	Share capital or investments in capital (Millions of yen)	Description of principal business	Ratio of owning (owned) voting rights		Relationship
				Ratio of owning voting rights (%)	Ratio of owned voting rights (%)	
(Consolidated subsidiaries)  NHK SALES CO., LTD. (Nippan)	Minato-ku, Tokyo	2,040	Industrial Machinery and Equipment, and Other Operations Business	100	–	Most of the springs purchased from the Company, and some of the others, from affiliated companies. Intra-Group financing.
YOKOHAMA KIKO CO., LTD.	Kanazawa-ku, Yokohama	95	Industrial Machinery and Equipment, and Other Operations Business	100	–	Intra-Group financing. Guaranteed by the Company.
NHK Precision Co., Ltd.	Isehara-shi, Kanagawa	480	Precision Springs and Components Business	100	–	Products purchased mainly by the Company. Intra-Group financing. Guaranteed by the Company.
NHK TRANSPORT CO., LTD.	Kanazawa-ku, Yokohama	120	Industrial Machinery and Equipment, and Other Operations Business	97.1 (Indirect ownership: 8.6)	–	Transports most of the products of the Company and its affiliated companies. Intra-Group financing. Guaranteed by the Company. Equipment leased from the Company.
NIPPATSU SERVICE Co., Ltd.	Kanagawa-ku, Yokohama	200	Industrial Machinery and Equipment, and Other Operations Business	100	–	Provides insurance and other services to the Company's employees. Intra-Group financing. Guaranteed by the Company. Leases equipment to the Company.
NIPPON SHAFT CO., LTD.	Kanazawa-ku, Yokohama	390	Industrial Machinery and Equipment, and Other Operations Business	85.6 (Indirect ownership: 7.6)	–	Intra-Group financing.
Sumihatsu Co., Ltd.	Sakuragawa-shi, Ibaraki	345	Automotive Suspension Springs Business Industrial Machinery and Equipment, and Other Operations Business	98.6 (Indirect ownership: 2.0)	–	The majority of the products purchased by the Company. Intra-Group financing. Guaranteed by the Company.
ITES CO., LTD.	Totsuka-ku, Yokohama	50	Automotive Seating Business	100	–	The majority of the products purchased by the Company. Intra-Group financing. Guaranteed by the Company. Equipment leased from the Company.

Name	Address	Share capital or investments in capital (Millions of yen)	Description of principal business	Ratio of owning (owned) voting rights		Relationship
				Ratio of owning voting rights (%)	Ratio of owned voting rights (%)	
HORIKIRI, INC.	Yachiyo-shi, Chiba	375	Automotive Suspension Springs Business	65.3	–	Products purchased mainly by the Company. Intra-Group financing.
NHK FLEX Co., Ltd.	Ina-shi, Nagano	450	Precision Springs and Components Business	100	–	Products purchased mainly by the Company. Intra-Group financing. Guaranteed by the Company. Equipment leased from the Company.
NHK Parking Systems Co., Ltd.	Nishi-ku, Yokohama	50	Industrial Machinery and Equipment, and Other Operations Business	100	–	Purchases the majority of the products from the Company. Intra-Group financing.
Tokuhatsu Co., Ltd.	Itami-shi, Hyogo	150	Precision Springs and Components Business	100	–	Intra-Group financing.
TOHOKU NIPPATSU CO., LTD.	Kitakami-shi, Iwate	99	Automotive Suspension Springs Business Automotive Seating Business	97.7	–	Products purchased mainly by the Company. Intra-Group financing. Guaranteed by the Company.
FAURECIA-NHK KYUSHU CO., LTD.	Kanda-machi, Miyako-gun, Fukuoka	499	Automotive Seating Business	81.0	–	Products and parts purchased from the Company. Intra-Group financing.
NHK MEC Corporation	Kohoku-ku, Yokohama	80	Industrial Machinery and Equipment, and Other Operations Business	100	–	Intra-Group financing. Guaranteed by the Company.
NHK Spring Production Company	Isehara-shi, Kanagawa	206	Automotive Suspension Springs Business	100	–	The majority of the products purchased by the Company. Intra-Group financing. Guaranteed by the Company.
Topura Co., Ltd.	Hadano-shi, Kanagawa	1,838	Precision Springs and Components Business	100	–	Parts purchased mainly by the Company. Intra-Group financing. Guaranteed by the Company.
NHK SPRING KYUSHU CO., LTD.	Kanda-machi, Miyako-gun, Fukuoka	99	Automotive Suspension Springs Business	100	–	The majority of the products purchased by the Company. Intra-Group financing.
NHK SEATING MIZUSHIMA Co., Ltd.	Kurashiki-shi, Okayama	99	Automotive Seating Business	100	–	The majority of the products purchased by the Company. Intra-Group financing.
NHK International Corporation	Novi, Michigan, U.S.	US\$ 4,750,000	Automotive Suspension Springs Business	100	–	The development, manufacturing and sales of spring products supported by the Company. Intra-Group financing. Guaranteed by the Company.

Name	Address	Share capital or investments in capital (Millions of yen)	Description of principal business	Ratio of owning (owned) voting rights		Relationship
				Ratio of owning voting rights (%)	Ratio of owned voting rights (%)	
New Mather Metals, Inc.	Franklin, Kentucky, U.S.	US\$ 2,000	Automotive Suspension Springs Business	100 (Indirect ownership: 100)	–	The development, manufacturing and sales of spring products supported by the Company. Intra-Group financing.
NHK of America Suspension Components, Inc.	Bowling Green, Kentucky, U.S.	US\$ 11,000,000	Automotive Suspension Springs Business Precision Springs and Components Business	100 (Indirect ownership: 100)	–	The development, manufacturing and sales of spring products and precision springs and components supported by the Company. Intra-Group financing.
NHK Seating of America Inc.	Frankfort, Indiana, U.S.	US\$ 1,900,000	Automotive Seating Business	100 (Indirect ownership: 100)	–	The development, manufacturing and sales of automotive seats supported by the Company. Intra-Group financing.
NHK Spring Precision of America, Inc.	Louisville, Kentucky, U.S.	US\$ 1,000	Precision Springs and Components Business	100 (Indirect ownership: 100)	–	The development, manufacturing and sales of precision springs and components supported by the Company. Intra-Group financing.
Topura America Fastener, Inc.	Bowling Green, Kentucky, U.S.	US\$ 6,025,000	Precision Springs and Components Business	100 (Indirect ownership: 100)	–	The development, manufacturing and sales of precision springs and components supported by the Company. Intra-Group financing.
NHK Spring Mexico, S.A. DE. C.V.	Irapuato, Guanajuato, Mexico	50,000 pesos	Automotive Suspension Springs Business Precision Springs and Components Business	100	–	The development, manufacturing and sales of spring products and precision springs and components supported by the Company. Intra-Group financing.
NHK Spring (Thailand) Co., Ltd.	Bangplee, Samutprakarn, Thailand	410 million baht	Automotive Suspension Springs Business Automotive Seating Business Precision Springs and Components Business	95.3	–	The development, manufacturing and sales of spring products, automotive seats, and precision springs and components supported by the Company. Intra-Group financing.
NHK Precision (Thailand) Co., Ltd.	Muang Samutprakarn, Samut Prakan, Thailand	170 million baht	Precision Springs and Components Business	100 (Indirect ownership: 97.8)	–	The development, manufacturing and sales of precision springs and components supported by the Company.

Name	Address	Share capital or investments in capital (Millions of yen)	Description of principal business	Ratio of owning (owned) voting rights		Relationship
				Ratio of owning voting rights (%)	Ratio of owned voting rights (%)	
NHK Spring India Ltd.	Manesar, India	1,092 million Indian rupees	Automotive Suspension Springs Business Automotive Seating Business	100	–	The development, manufacturing and sales of spring products and automotive seats supported by the Company.
NAT Peripheral (H.K.) Co., Ltd.	Kowloon, Hong Kong Special Administrative Region, China	HK\$ 70,000,000	Precision Springs and Components Business	100	–	The development, manufacturing and sales of precision springs and components supported by the Company. Intra-Group financing.
NHK-Uni Spring (Guangzhou) Co., Ltd.	Guangzhou Economic and Technological Development Zone, Guangzhou, China	200,196,000 yuan	Automotive Suspension Springs Business	60.0	–	The development, manufacturing and sales of spring products supported by the Company. Intra-Group financing.
NHK Spring Precision (Guangzhou) Co., Ltd.	Guangzhou Economic and Technological Development Zone, Guangzhou, China	186,144,000 yuan	Precision Springs and Components Business	100	–	The development, manufacturing and sales of precision springs and components supported by the Company. Intra-Group financing.
NAT Peripheral (Dongguan) Co., Ltd.	Chang'an, Dongguan, Guandong, China	200,000,000 yuan	Precision Springs and Components Business	100 (Indirect ownership: 100)	–	The development, manufacturing and sales of precision springs and components supported by the Company. Intra-Group financing.
NHK Spring (China) Co., Ltd.	Tianhe District, Guangzhou, Guangdong, China	189,159,000 yuan	Industrial Machinery and Equipment, and Other Operations Business	100	–	Intra-Group financing. Guaranteed by the Company.
NHK Seating (Hubei) Co., Ltd.	Xiangyang Gaoxin District, Xiangyang, Hubei, China	180,000,000 yuan	Automotive Seating Business	100	–	The development, manufacturing and sales of automotive seats supported by the Company. Intra-Group financing.
NHK Manufacturing (Malaysia) SDN. BHD.	Seremban, Negeri Sembilan, Malaysia	108,990,000 Malaysian ringgit	Industrial Machinery and Equipment, and Other Operations Business	100	–	The development, manufacturing and sales of integrated metal substrate products supported by the Company. Intra-Group financing. Guaranteed by the Company.
NHK Spring Europe B.V.	Amsterdam, Noord-Holland, the Netherland	350,000 euro	Automotive Suspension Springs Business	100	–	The development and sales of spring products supported by the Company.

Name	Address	Share capital or investments in capital (Millions of yen)	Description of principal business	Ratio of owning (owned) voting rights		Relationship
				Ratio of owning voting rights (%)	Ratio of owned voting rights (%)	
NHK Spring Hungary KFT.	Tata, Komárom-Esztergom, Hungary	10 million forints	Automotive Suspension Springs Business	100	–	The development, manufacturing and sales of spring products supported by the Company. Intra-Group financing.
(Associates accounted for using equity method) FAURECIA-NHK CO., LTD.	Naka-ku, Yokohama	400	Automotive Seating Business	50	–	Develops and sells automotive seats. Intra-Group financing.
4 other companies						

- Notes:
- 1 The “Description of principal business” column lists the name of the segment.
  - 2 The figure shown in the parentheses in the “Ratio of owning (owned) voting rights” column indicates the indirect ownership ratio and is included in the immediately above ratio.
  - 3 NHK SALES CO., LTD., Topura Co., Ltd., NHK Manufacturing (Malaysia) SDN. BHD., NHK-Uni Spring (Guangzhou) Co., Ltd., NHK Spring Precision (Guangzhou) Co., Ltd., NHK Spring India Ltd., NHK Spring (China) Co., Ltd. and NHK Seating (Hubei) Co., Ltd. are specified subsidiaries.
  - 4 The ratio of net sales of NHK Spring (Thailand) Co., Ltd. (excluding inter-company sales among consolidated companies) to consolidated net sales exceeds 10%.

(Millions of yen)

	Key profit and loss information				
	Net sales	Ordinary profit	Profit	Net assets	Total assets
NHK Spring (Thailand) Co., Ltd.	135,516	8,683	7,169	61,572	104,334

- 5 In addition to the above, there are three small non-consolidated subsidiaries accounted for by the equity method.

## 5. Information about employees

### (1) Consolidated companies

As of March 31, 2024

Name of segment	Number of employees (Persons)	
Automotive Suspension Springs Business	3,896	[737]
Automotive Seating Business	4,374	[817]
Precision Springs and Components Business	5,678	[925]
Industrial Machinery and Equipment, and Other Operations Business	2,929	[288]
Company-wide (common)	862	[18]
Total	17,739	[2,785]

- Notes:
- 1 The number of employees is the number of full-time employees.
  - 2 The figures in parentheses in the “Number of employees” column indicate the annual average number of temporary employees. Temporary employees include part-timers and term employees and exclude dispatched employees.
  - 3 The number shown in the “Company-wide (common)” column is the number of employees in administration departments that cannot be categorized into specific business segments.

### (2) Information about the Reporting Company

As of March 31, 2024

Number of employees (Persons)	Average age (Years)	Average length of service (Years)	Average annual salary (Yen)
5,100 [97]	41.7	18.5	7,659,790

Name of segment	Number of employees (Persons)	
Automotive Suspension Springs Business	783	[12]
Automotive Seating Business	1,458	[43]
Precision Springs and Components Business	1,527	[19]
Industrial Machinery and Equipment, and Other Operations Business	795	[23]
Company-wide (common)	537	[-]
Total	5,100	[97]

- Notes:
- 1 The number of employees is the number of full-time employees.
  - 2 Average annual salary includes bonuses and extra wages.
  - 3 The figures in parentheses in the “Number of employees” column indicate the annual average number of temporary employees. Temporary employees include part-timers and term employees and exclude dispatched employees.
  - 4 The number shown in the “Company-wide (common)” column is the number of employees in administration departments that cannot be categorized into specific business segments.

### (3) Status of labor union

The NHK Spring Labor Union became affiliated with Confederation of Japan Automobile Workers’ Unions on June 1, 1973, and belongs to its subordinate organization representing the unions in Japan’s automotive parts industry.

With regard to the labor unions of the Group companies including the Reporting Company (14 domestic and 8 overseas companies), labor-management relations have remained amicable, there have been no disputes of note, and labor and management are cooperating in their efforts to conduct company business.

(4) Ratio of female employees in management positions, rate of male employees taking childcare leave, and gender wage gap

(i) Reporting Company

Fiscal year ended March 31, 2024					Supplementary explanation
Ratio of female employees in management positions (%) (Note 1)	Rate of male employees taking childcare leave (%) (Note 2)	Gender wage gap (%) (Note 1)			
		All employees	Permanent, full-time employees	Part-time and fixed-term employees	
2.4	47.2	77.4	77.4	64.8	<ul style="list-style-type: none"> <li>• The gender wage gap is due to the difference in the composition of the number of employees by grade, and there is no difference in the wage system based on gender.</li> <li>• Permanent, full-time employees include full-time employees who are directly employed and whose employment term is not fixed, as well as non-regular employees who have been converted to permanent status.</li> <li>• Part-time and fixed-term employees include part-timers, term employees, employees rehired after their mandatory retirement age, and contract employees, and exclude dispatched employees.</li> </ul>

- Notes:
1. Calculated in accordance with the provisions of the Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64 of 2015).
  2. Childcare leave uptake, etc. calculated as in Article 71-4, item 1 of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ordinance of the Ministry of Labor No. 25 of 1991) in accordance with the provisions of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76 of 1991).



## (ii) Consolidated subsidiaries

Fiscal year ended March 31, 2024						Supplementary explanation
Name	Ratio of female employees in management positions (%) (Note 1)	Rate of male employees taking childcare leave (%) (Note 2)	Gender wage gap (%) (Note 1)			
			All employees	Permanent, full-time employees	Part-time and fixed-term employees	
NHK SALES CO., LTD.	1.7	62.5	61.1	60.9	77.1	<ul style="list-style-type: none"> <li>The gender wage gap is due to the difference in the composition of the number of employees by grade, and there is no difference in the wage system based on gender.</li> <li>Permanent, full-time employees include full-time employees who are directly employed and whose employment term is not fixed, as well as non-regular employees who have been converted to permanent status.</li> <li>Part-time and fixed-term employees include part-timers, term employees, employees rehired after their mandatory retirement age, and contract employees, and exclude dispatched employees.</li> </ul>
NHK TRANSPORT CO., LTD.	4.3	33.3	66.8	72.5	46.3	
Sumihatsu Co., Ltd.	2.4	22.2	79.7	80.0	78.6	
NHK SEATING MIZUSHIMA Co., Ltd.	0.0	100.0	89.1	89.2	92.1	
NHK Parking Systems Co., Ltd.	0.0	50.0	71.7	77.2	56.5	
Topura Co., Ltd.	0.0	14.3	67.6	73.1	57.9	

- Notes:
1. Calculated in accordance with the provisions of the Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64 of 2015).
  2. Childcare leave uptake, etc. calculated as in Article 71-4, item 1 of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ordinance of the Ministry of Labor No. 25 of 1991) in accordance with the provisions of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76 of 1991).
  3. In accordance with the provisions of the "Ministerial Ordinance Concerning General Business Owner Action Plans, etc. in Accordance with the Act on the Promotion of Women's Active Engagement in Professional Life" (Ministerial Ordinance No. 162 of the Ministry of Health, Labour and Welfare, 2015), domestic consolidated subsidiaries that disclose information on any one of "Ratio of female employees in management positions," "Rate of male employees taking childcare leave," and "Gender wage gap" are listed.

## (iii) The Company and domestic consolidated subsidiaries

	Fiscal year ended March 31, 2024					Supplementary explanation
	Ratio of female employees in management positions (%) (Note 1)	Rate of male employees taking childcare leave (%) (Note 2)	Gender wage gap (%) (Note 1)			
			All employees	Permanent, full-time employees	Part-time and fixed-term employees	
The Company and domestic consolidated subsidiaries (Note 3)	2.0	44.4	72.7	75.6	62.3	<ul style="list-style-type: none"> <li>The gender wage gap is due to the difference in the composition of the number of employees by grade, and there is no difference in the wage system based on gender.</li> <li>Permanent, full-time employees include full-time employees who are directly employed and whose employment term is not fixed, as well as non-regular employees who have been converted to permanent status.</li> <li>Part-time and fixed-term employees include part-timers, term employees, employees rehired after their mandatory retirement age, and contract employees, and exclude dispatched employees.</li> </ul>

- Notes:
1. Calculated in accordance with the provisions of the Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64 of 2015).
  2. Childcare leave uptake, etc. calculated as in Article 71-4, item 1 of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ordinance of the Ministry of Labor No. 25 of 1991) in accordance with the provisions of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76 of 1991).
  3. The Company and its consolidated subsidiaries whose addresses are in Japan and that fall under the provisions of Article 2, item (v) of the Regulation on Terminology, Forms and Preparation Methods of Consolidated Financial Statements (Ministry of Finance Order No. 28 of 1976).

## II. Overview of Business

### 1. Management policy, management environment, issues to be addressed, etc.

The Group's management policy, management environment, and issues to be addressed, etc. are as follows.

Forward-looking statements contained herein represent the judgment of the Group as of the end of the fiscal year under review.

#### (1) Management policy

With the following Corporate Philosophy as its basic management policy, the Group aims to achieve sustainable growth by constantly providing customers with attractive products and services, and to become a trusted corporate group that meets the expectations of its stakeholders.

#### The Company's Corporate Philosophy

To contribute to an affluent society through an attractive corporate identity by applying innovative ideas and practices, based on a global perspective, that bring about corporate growth.
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We provide many key parts to the automotive and data communications industries by making full use of our core technologies such as “metal heat treatment and plasticity processing technology” and “simulation technology” cultivated through our automotive parts business, and “precision and fine processing technology” and “metal bonding technology” for parts in the data communications field.

We aim to contribute to a “sustainable society” by accelerating our response to the drastically changing business environment, such as the ever-increasing electrification of automobiles and the sophistication of data communications, while establishing a stable revenue base for the future and proactively addressing social issues such as carbon neutrality.

#### (2) Management strategies, etc.

The fiscal year under review was the final year of the 2023 Mid-term Plan, a medium-term management plan launched in FY2021. Under the 2023 Mid-term Plan, we have been working to improve corporate value and profitability based on the basic policies of “Further promotion of CSR activities,” “Accelerate response to drastically changing business environment,” and “Secure “profit” for sustainable growth.”

In the fiscal year under review, net sales were 766.9 billion yen, 116.9 billion yen above the target of 650 billion yen, and operating profit was 34.6 billion yen, 5.4 billion yen below the target of 40 billion yen.

FY2024 is the first year of the 2026 Mid-term Plan, a medium-term management plan ending in FY2026. The slogans of the 2026 Mid-term Plan are “Respect for people & contribute to society” and “Further promotion of sustainability,” and the basic policies are “Respect for people,” “Contribute to society,” and “Purchase appropriately, manufacture accurately, market and sell properly.” We establish ROIC, equity-to-asset ratio, and other indicators as new business management indicators, and work to improve corporate value from multiple perspectives, including profitability, efficiency, soundness, and growth.

#### (3) Objective indicators to judge the achievement of management targets, etc.

The Group has established the following management targets in the 2026 Mid-term Plan.

We plan to increase sales in both the automobile-related and data communications-related markets, and aim to improve profitability by promoting automation and increasing productivity.

FY2023 management indicator targets and results/FY2026 management indicator targets

	FY2023 targets	FY2023 results	vs. targets	FY2026 targets	vs. FY2023 results
Net sales (Billions of yen)	650.0	766.9	116.9	850.0	83.0
Operating profit (Billions of yen)	40.0	34.6	(5.4)	52.0	17.3
Ordinary profit (Billions of yen)	42.0	47.8	5.8	57.0	9.1
Profit attributable to owners of parent (Billions of yen)	25.0	39.1	14.1	43.0	3.8
ROE	8.0%	10.4%	–	10% or more	–
ROIC	–	6.1%	–	7% or more	–
Equity-to-asset ratio	–	58.7%	–	50% or more	–
Payout ratio	Around 30%	24.2%	–	30% or more	–

Note: Major assumptions for the FY2026 targets: Global automobile production volume of 98 million units; HDD production volume of 118 million units; and an exchange rate of 145 yen/US dollar.

(4) Management environment

During the fiscal year under review, there was uncertainty in the global economy due to factors such as the impact of monetary tightening and concerns about the outlook for the Chinese economy. However, the Japanese economy maintained its gradual recovery trend, while economic growth continued in the U.S.

In the automotive-related market, which is the main business field of the Group, automobile production has increased from the previous fiscal year in Japan and in other countries except for some countries.

Number of automobiles produced in the fiscal year ended March 31, 2024

		Thousand units	Y/y	Of which, those produced by Japanese makers	Y/y
Global		93,486	7.6%	26,779	5.8%
By country	Japan	8,485	9.5%	–	–
	North America (U.S., Canada)	12,343	5.8%	4,322	19.1%
	Mexico	4,044	15.4%	1,248	33.8%
	Thailand	1,856	(0.5)%	1,579	(2.2)%
	China	29,864	10.4%	3,859	(10.8)%

Note: The above numbers are calculated according to the fiscal year end of each location.

In the other major business field, the data communications-related market, global HDD production volume decreased from the previous fiscal year, and overall demand for HDD suspensions, the Company's main product, also declined. Meanwhile, demand for semiconductor process parts, which slumped in the previous fiscal year, did not recover in the fiscal year under review.

(5) Business and financial issues to be addressed

<Overall businesses>

The global economy is expected to continue to pick up in general, although there are uncertainties due to the effects of monetary tightening and concerns about the future of the Chinese economy. Whereas there are signs of a partial slowdown in the electrification of automobiles, the semiconductor market is likely to regain its growth momentum thanks to the advancement of data communications technology. Meanwhile, the business environment surrounding the Group is changing dramatically, as raw material prices, together with logistics and energy costs, soar and it becomes increasingly difficult to secure

stable human resources. The challenge for the Group is to accelerate its response to these drastic changes in the business environment while continuing to grow sustainably.

The Group sets forth “Value of people: Valuing employees and stakeholders,” “Social value: Contributing to solving social issues,” “Economic value: Aiming to become a profitable company,” and “Product value: Providing indispensable key parts” as its management policies in FY2024. The entire Group will work together to further advance these four values.

#### <Automotive Suspension Springs Business>

The Automotive Suspension Springs Business has been facing challenges such as intensifying price competition, soaring prices of steel and other materials, and difficulty in securing stable labor force at our North American bases. In response, we will work to establish a stable production and supply system at all of our global bases. We will strive to enhance profitability by improving selling prices and productivity and promoting an optimal order-receipt strategy at our North American bases, improving the added value of springs, promoting manufacturing reforms, etc.

In the automotive industry, the impact of semiconductor supply shortages has largely been mitigated, and the shift to electrification and automated driving is progressing rapidly. While the demand for automotive suspension springs itself is not expected to be significantly affected, we will accelerate the development of processing technologies and new steel grades to meet the ever-increasing demand for lighter weight, higher durability, and space saving.

#### <Automotive Seating Business>

Although the Automotive Seating Business was affected by surges in raw material prices and logistics, power, and utility costs, the impact of production adjustments by automakers stemming from semiconductor supply shortages, etc. was largely faded. Thanks chiefly to a recovery in sales volume and an increase in the yen value of sales at overseas subsidiaries as a result of the yen’s depreciation, both sales and profit increased significantly, with operating profit hitting a record high. As a non-affiliated supplier of high-quality and high-performance products and parts, we will continue to develop the Automotive Seating Business globally based on two key principles: customer orientation and quality first.

The strengths of the Company’s Automotive Seating Business lie in the fact that various processes required for seats, including metal processing, production of urethane, and sewing, are carried out in-house, and that we have comprehensive design and development capabilities for complete seats, such as seats for car sickness mitigation. We will leverage these strengths to develop seats that are lighter in weight and more comfortable to ride in, as required by the shift to electrification and automated driving.

#### <Precision Springs and Components Business>

The automotive-related operation has been affected by hikes in raw material prices, and logistics, power and utility costs, etc., although the impact of semiconductor supply shortages, etc. has largely faded away. In anticipation of the acceleration of vehicle electrification, we are currently reviewing manufacturing methods and developing new technologies for motor cores, one of the key components, and are expanding our global production system, including the construction of a new building at Atsugi Plant completed in November 2023 and preparations for the construction of a plant building at NHK Spring Mexico, S.A. DE. C.V. Furthermore, while carefully monitoring future demand trends for products for internal combustion engines, we will also promote the development of products related to electrification, which is likely to progress at an increasingly rapid pace.

In the data communications-related operation, HDD suspension production volume temporarily decreased due to production adjustments by HDD manufacturers. However, we believe that the demand for HDD suspensions will continue to increase as the demand for higher-capacity HDDs continues to grow and the functions required for suspensions become more sophisticated. We will strive to secure profits by appropriately increasing production capacity while continuously improving development and technical capabilities, as well as product quality. In addition, to further sharpen our competitive edge, we will promote streamlining measures such as the introduction of AI-based automated optical inspection (AOI).

Effective from FY2024, the Company changed its segment classification to better reflect its decision-making on resource allocation, business management classification, and reporting system to management, and separated the DDS (Disk Drive Suspension) business from this segment.

<Industrial Machinery and Equipment, and Other Operations Business>

In order to meet strong future demand for semiconductor process components, the Miyada Plant is being further expanded. Although a full-fledged recovery in demand is not expected until FY2025 or later, we will strive to further improve profitability by optimally allocating production to the two plants, Isehara Plant and Miyada Plant. In integrated metal substrates, we will expand sales of existing products, including those for automotive LEDs, develop and expand sales of new products for power modules, AC-DC and DC-DC converters, etc. that respond to the electrification of automobiles. At the same time, we will expand the production capacity of the Komagane Plant and the new plant of NHK Manufacturing (Malaysia) SDN. BHD.

In other businesses, we will promote selection and concentration.

## 2. Approach and initiatives for sustainability

The Group’s approach and initiatives for sustainability are as follows.

Forward-looking statements contained herein represent the judgment of the Group as of the filing date of the Annual Securities Report (June 26, 2024).

### (1) Basic policy

The Group is committed to contributing to the realization of a sustainable society and resolution of social issues by continuing to provide “indispensable key parts.”

Moreover, concerning the Group’s legal, ethical and social responsibility, we established in 2016 our “Basic Global CSR Policy,” under which we declared the following five principles:

- “Maintain transparency,”
- “Act ethically,”
- “Preserve the global environment,”
- “Nurture people,” and
- “Engage globally as a Group.”



In accordance with these principles, we are striving to enhance corporate governance and ensure compliance with laws and regulations.

We aim to continue being a company that is trusted by society by strengthening the competitiveness and management base in our core businesses, increasing our corporate value, and returning the fruits of our efforts to our stakeholders.

### (2) Important issues (Materiality)

We have clarified our management issues related to sustainability and are working on the important issues (Materiality) listed in the table below, based on our basic policy and past efforts.

Category	Important issues (Materiality)	Major initiatives
Business activities	NHK Spring Group’s Environmental Challenges <ul style="list-style-type: none"> <li>• Reduction of CO<sub>2</sub> emissions</li> <li>• Reduction of environmentally hazardous substances</li> </ul>	<ul style="list-style-type: none"> <li>• Initiatives to achieve the following targets <ul style="list-style-type: none"> <li>- Achievement of carbon neutrality by 2039</li> <li>- Zero industrial wastes by 2039</li> </ul> </li> </ul>
	<ul style="list-style-type: none"> <li>• Creation of products that contribute to the environment</li> </ul>	<ul style="list-style-type: none"> <li>• Development and production of electric vehicle-related products (motor cores, integrated metal substrates, etc.)</li> </ul>
	<ul style="list-style-type: none"> <li>• Development of products that will contribute to resolving social issues</li> </ul>	<ul style="list-style-type: none"> <li>• Development and production of HDD-related parts and semiconductor process parts responding to demand for big data</li> </ul>
Management base	<ul style="list-style-type: none"> <li>• Maximization of the value of human capital</li> </ul>	<ul style="list-style-type: none"> <li>• Securing and developing human resources</li> <li>• D&amp;I promotion</li> <li>• Work style reform</li> <li>• Personnel system reform</li> <li>• Creating safe and secure workplace</li> </ul>
	<ul style="list-style-type: none"> <li>• Respect for human rights</li> </ul>	<ul style="list-style-type: none"> <li>• Strengthening efforts to respect human rights</li> </ul>
	<ul style="list-style-type: none"> <li>• Compliance</li> </ul>	<ul style="list-style-type: none"> <li>• Ongoing education for officers and employees</li> </ul>
	<ul style="list-style-type: none"> <li>• Group management</li> </ul>	<ul style="list-style-type: none"> <li>• Group-wide and global initiatives for addressing the above issues</li> </ul>

We have identified two issues that have a significant financial impact on sustainability as well as on the environment and society: (i) NHK Spring Group’s Environmental Challenges to preserve the global environment, and (ii) Maximization of the value of human capital. We are striving to continuously improve our corporate value by addressing each of these areas.

(3) Governance and risk management related to overall sustainability

The Company established a Sustainability Promotion Committee in April 2024. Important matters for promoting sustainability management are discussed and decided by the Sustainability Promotion Committee, the Management Committee, and the Board of Directors, depending on the content.

Furthermore, in order to assume risks from various perspectives, prevent them from occurring, and minimize their impact, the Company has established risk management regulations and a risk management system in which the Representative Member of the Board and President is the chief responsible officer and the President of Corporate Planning and Control Division is in charge of promotion.

The Company has established a risk management manual and a system for reporting to top management depending on level of importance on matters where risks are foreseen to occur.

(4) Global environmental conservation activities

In an effort to preserve the global environment, the Company has set the creation of a decarbonized society based on reduction of CO<sub>2</sub> emissions and realization of zero industrial waste as important issues (Materiality).

Since the publication of the Environmental Voluntary Plan in 1993, the entire Group has been involved in global environmental conservation activities. To further clarify the Group's future role in helping to realize a sustainable society and the Group's future vision, the Group declared "NHK Spring Group's Environmental Challenges" in September 2021.

NHK Spring Group's Environmental Challenges

- (i) Achieve carbon neutrality by 2039. To this end, reduce CO<sub>2</sub> emissions by 50% from the FY2013 level by 2030.
- (ii) Aim to realize zero industrial waste by 2039. To this end, reduce industrial waste by 95% compared to FY2013 by 2030.

Currently, in accordance with the medium-term management plan through FY2026, each production division is promoting measures to reduce CO<sub>2</sub> emissions and industrial waste (non-recyclable waste). Meanwhile, the Global Environmental Response Committee is checking the status of achievement of the measures and discussing further reduction measures. The progress has been made as planned up until FY2023. In FY2024, we will aim to complete setting targets for overseas group companies with regard to CO<sub>2</sub> emissions, and will prepare for the collection and compilation of information on Scope 3 emissions.



<CO<sub>2</sub> emissions and industrial waste generation and main measures to reduce them>

Item	Results		Main measures to reduce them	Main measures underway
	2022	2023		
CO <sub>2</sub> (Thousand tons-CO <sub>2</sub> )	136	120	Promotion of energy conservation Electrification of equipment, fuel conversion, line reorganization Technical innovation in production processes and product development Capital investment in solar power generation, etc. Purchase of electricity derived from renewable energy sources	Renewal of plant lighting fixtures, electrification of forklifts, electrification of equipment and prevention of heat radiation loss, air leakage improvement, switch from LPG to LNG, renewal of air conditioning equipment, etc.
Non-recyclable waste (tons)	71	38	Re-examination of recycling contractors Promotion of free recycling, conversion of waste materials into valuable resources	Conversion of plastic waste into valuable resources by material judgment machine, re-examination of sludge recycling contractors

Note: The above results are for the Company and its domestic consolidated subsidiaries.

a) Governance

Based on the NHK Spring Group's Environmental Challenges declaration, the Global Environmental Response Committee has compiled a long-term plan of environmental activities for each business and strengthened activities with a view to realizing a sustainable society in the Group.

The Global Environmental Response Committee meets twice a year. The Committee sets medium- to long-term targets related to the Environmental Challenges, and compiles scenarios and promotes activities geared to realizing them. It periodically reports on the progress of activities to the Management Committee so that they can be reflected in the management strategy.

b) Strategy

In the Group, each production division and Group company sets targets for 2026 and formulates specific measures categorized as "promotion of energy conservation," "electrification of equipment," "technical innovation in production processes and product development," "capital investment in solar power generation," and "purchase of electricity derived from renewable energy sources," and implements them following exhaustive review in the Investment and Loan Committee. The Global Environmental Response Committee continually receives reports from each production division and Group company on the status of implementation of measures in relation to the planned activities, and follows them up.

<Physical risks> Risks related to physical impacts such as disasters caused by climate change

	Influencing factors	Risks	Opportunities	Responses
Acute	<ul style="list-style-type: none"> <li>Major disasters caused by abnormal weather</li> </ul>	<ul style="list-style-type: none"> <li>Production disruption caused by river flooding, massive typhoon, drought, tsunami, high tide, lightning strike, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Gaining of customers' trust and expansion of orders through strengthening of BCP measures</li> </ul>	<ul style="list-style-type: none"> <li>Tsunami evacuation facilities and displaying of height above sea level in various locations</li> <li>Installation of lightning conductors/lightning arresters</li> <li>Reinforcement of the BCP resilience structure</li> <li>Securing of power sources in emergencies (securing of emergency power sources and utilization of private generation equipment)</li> </ul>
Chronic	<ul style="list-style-type: none"> <li>Meteorological information</li> <li>Changes in precipitation and weather patterns</li> </ul>	<ul style="list-style-type: none"> <li>Quality problems arising from insufficient product durability occurring in line with warming</li> </ul>	<ul style="list-style-type: none"> <li>Improvement of added value and profits underpinned by enhancement of product durability</li> </ul>	<ul style="list-style-type: none"> <li>Confirmation and improvement of construction sites and building durability</li> <li>Planning and development of products with outstanding durability, water resistance and heat resistance</li> </ul>

<Transition risks> Risks arising in line with transition to a decarbonized society

	Influencing factors	Risks	Opportunities	Responses
Policies/regulations	<ul style="list-style-type: none"> <li>Electrification promotion measures (ZEV*<sup>1</sup>, fuel, gasoline vehicle regulations)</li> <li>Government's carbon neutral declaration (Expansion of CP*<sup>2</sup> systems and subsidies)</li> </ul>	<ul style="list-style-type: none"> <li>Acceleration in development of eco cars by customers, leading to reduced sales of parts for gasoline vehicles</li> <li>Higher energy costs and decreased profits in line with imposition of taxes on fuel and energy (carbon tax)</li> <li>Harm to reputation (among rating agencies, investors, NGOs, customers, etc.) in the case where we are slow to respond to the GX*<sup>3</sup> concept, CP and other climate change countermeasures</li> </ul>	<ul style="list-style-type: none"> <li>Increased sales thanks to progress in development of products for EV/FCEV (ZEV*<sup>1</sup>)</li> <li>Increased profits thanks to progress in development of products and manufacturing techniques that leverage government support (subsidies, etc.)</li> <li>Improvement of management processes in the case where a prompt response is taken to the GX concept, CP and other climate change countermeasures</li> </ul>	<ul style="list-style-type: none"> <li>Development of EV/FCEV products and parts</li> </ul>

	Influencing factors	Risks	Opportunities	Responses
Market	<ul style="list-style-type: none"> <li>Expansion of CASE and MaaS market</li> <li>Market expansion of new fields leveraging energy saving products, polymer and LED technologies</li> </ul>	<ul style="list-style-type: none"> <li>Decline in sales of conventional products due to changes in the value and methods of use of automobiles</li> <li>Non-purchase of products that impart high environmental loads</li> </ul>	<ul style="list-style-type: none"> <li>Creation of added value and establishment of superiority and business opportunities through products and services supplied to the market as a result of advanced initiatives to address climate change and development of energy saving products</li> <li>Expansion of the market for low-power consumption devices in the HDD-related market following expansion of innovation for development of GHG*<sup>4</sup> low-emission products and services</li> <li>Expansion of the semiconductor process parts business due to higher performance and lower power consumption of semiconductor devices</li> <li>Securing of greater competitiveness and improvement of corporate value through building resilience (responsiveness to climate change)</li> </ul>	<ul style="list-style-type: none"> <li>Promotion of cutting-edge research and development with a view to the future of semiconductors and electronics</li> <li>Timely and continuous supply of high added-value products equipped with innovative technologies</li> <li>Development of products with reduced CO<sub>2</sub> emissions thanks to initiatives for making lighter products and so on</li> </ul>
Technology	<ul style="list-style-type: none"> <li>Energy conversion</li> <li>Advance and dissemination of renewable energy technologies</li> <li>Dissemination of energy saving technologies</li> </ul>	<ul style="list-style-type: none"> <li>Increased costs and financial burden in production technology fields in line with energy conversion</li> <li>Reduced profits due to carbon tax, etc. as a result of inability to keep pace with technological dissemination and lack of progress in CO<sub>2</sub> reduction</li> </ul>	<ul style="list-style-type: none"> <li>Expansion of business and improvement of profits due to development of energy saving and lower cost production in the manufacturing phase</li> <li>Improvement of profits due to progress in innovation for development of GHG low-emission products and services</li> <li>Improvement of profits due to progress in establishment of environmentally considerate production processes that leverage renewable energy and energy saving technologies</li> </ul>	<ul style="list-style-type: none"> <li>Promotion of energy optimization in plants</li> <li>Active introduction of renewable energy</li> </ul>
Reputation	<ul style="list-style-type: none"> <li>Changes in customers' evaluations</li> <li>Changes in investors' evaluations</li> </ul>	<ul style="list-style-type: none"> <li>Failure to win orders due to inability to cater to demands for products with small environmental load (decarbonization, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>Greater superiority over competitors, and increased orders thanks to development of decarbonized products</li> </ul>	<ul style="list-style-type: none"> <li>Development of environmentally considerate materials and design of products</li> </ul>

- Notes: 1 ZEV: Acronym for Zero Emission Vehicle. This refers to EVs/FCEVs, etc. that emit no carbon gases, etc. when running.
- 2 CP: Acronym for Carbon Pricing. This refers to the pricing of carbon based on carbon tax and emissions trading.
- 3 GX: Acronym for Green Transformation. This refers to transformation that is geared to reduction of emissions and improvement of competitiveness based on viewing initiatives for achieving greenhouse gas emission reduction targets as opportunities for growth.
- 4 GHG: Acronym for Greenhouse Gas. This refers to CO<sub>2</sub> and other greenhouse gases.

c) Risk management

The Company has built a risk management structure having the Representative Member of the Board and President as the chief responsible officer and the President of the Corporate Planning and Control Division in charge of promotion. Through this structure, we manage risks including those related to climate (physical risks and transition risks). In conducting risk management, we decide measures and manage progress with a view to averting risks, minimizing damage, and preventing recurrence.

Meanwhile, recognizing the need to build a governance process clearly involving the Board of Directors in risk management, we will take concrete steps in this area too.

d) Indicators and targets

The Group has set reduction targets for CO<sub>2</sub> emissions calculated according to the amount of energy consumption, and is committed to global environmental conservation activities. Up to FY2020, we managed our CO<sub>2</sub> emissions per unit of sales, but since FY2021 we have switched to managing based on total CO<sub>2</sub> emissions in order to achieve carbon neutrality.

<Medium- and long-term targets>

Item	Target year	Target value
CO <sub>2</sub> emissions	2030	50% reduction in Scope 1 + Scope 2 CO <sub>2</sub> emissions compared to FY2013
	2039	Zero Scope 1 + Scope 2 CO <sub>2</sub> emissions
Industrial waste	2030	95% reduction compared to FY2013
	2039	Zero industrial waste

- Notes: 1 Scope 1: CO<sub>2</sub> emissions from use of fuel by business operators
- 2 Scope 2: CO<sub>2</sub> emissions from use of electric power, etc. supplied by other companies

(5) Maximization of the value of human capital

The internal and external environment of the Company has been changing dramatically in recent years, and we will need to modify our approaches to people and organization in order to continue being a company that is needed by society in the future. For the Company's manufacturing to continue contributing to the resolution of customers' and society's issues, we believe that continued efforts to maximize the value of human capital will become even more important.

a) Governance

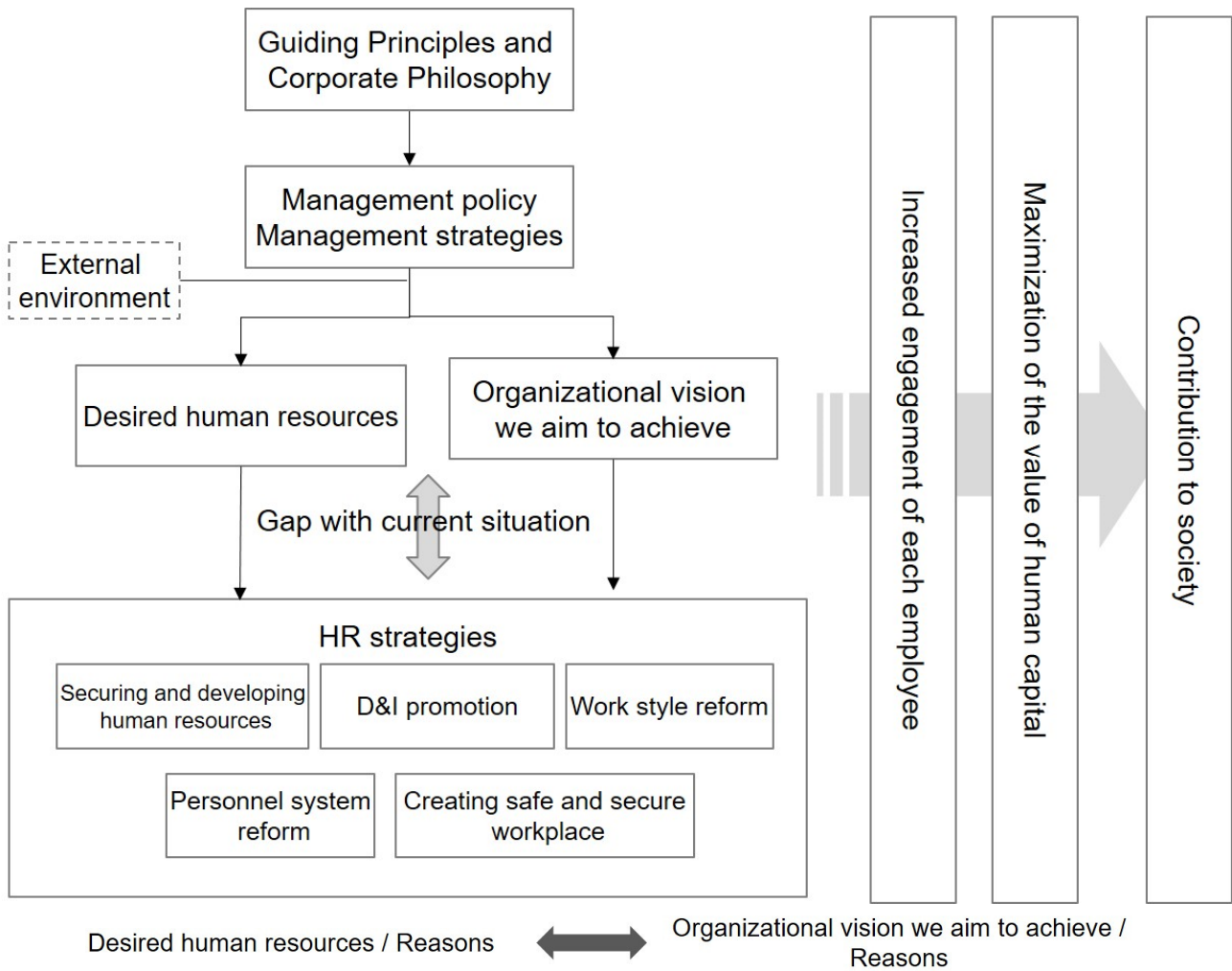
Important initiatives related to human resources are discussed and decided by the Management Committee or its subordinate body, the Personnel Policy Committee, and a system is in place to ensure consistency between the business direction and human resources strategy. The President of each division checks the status of activities in his/her division and reports on important matters to the Management Committee and the Board of Directors to review measures as appropriate and improve organizational management and the workplace environment.

b) Strategy

<Policy>

Under the slogan of “Respect for people & contribute to society,” and Group’s basic policies of “Strengthening trust with stakeholders,” “Building a safe and secure company and a rewarding and comfortable workplace,” and “Supporting the growth and development of a diverse employee base” of the 2026 Mid-term Plan, we will promote initiatives to develop human resources, organizations, systems, and a corporate culture.

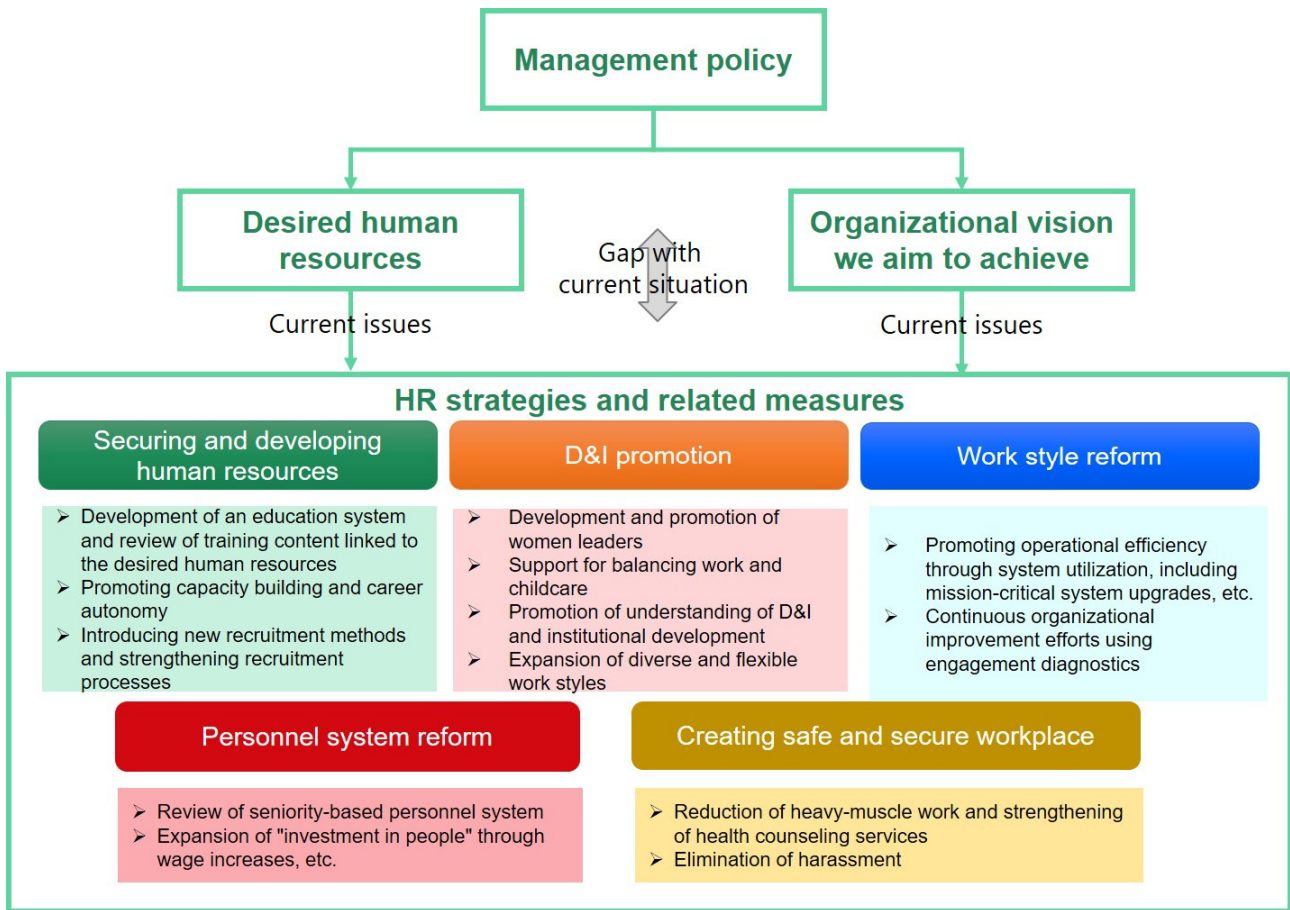
In FY2024, we established the “desired human resources” and “organizational vision we aim to achieve” to link management strategies with human resource strategies and to link the results of our efforts to the realization of management policies. We will maximize the value of each individual by fusing the “power of the individual” with the “power of the organization” that makes the most of that individual, and by fostering an organizational culture in which diverse people can grow and feel fulfilled, and in which everyone can demonstrate his/her own abilities. We will boldly take on the challenge of various initiatives to further evolve the value of the people who work for us, based on the Guiding Principles and Corporate Philosophy, changes in the external environment, and the future direction of our business.



<p><b>Challenge</b> People motivated to take on new challenges</p>	<ul style="list-style-type: none"> <li>● <u>Human resources capable of creating</u> new businesses and <u>transforming</u> existing businesses and operations are essential.</li> <li>● It is important to push the envelope for new development, improvement, and skill development, without fear of failure.</li> </ul>	<p><b>Nurture standout employees</b> An organization that provides opportunities for people to take on challenges and grow</p>	<ul style="list-style-type: none"> <li>● The company must unite to support those who take on challenges and grow, and continue to provide them with opportunities for further challenge and growth.</li> <li>● We need to hire and train people who can carry out transformations and to create an environment where they can play an active role.</li> </ul>
<p><b>Outworking</b> People taking responsibility to tackle the job head-on and finish it</p>	<ul style="list-style-type: none"> <li>● It is important to finish a newly started initiative and use it as a springboard for the next success.</li> <li>● “Manufacturing capability” and “quality” must be further improved.</li> </ul>	<p><b>Responding with integrity</b> An organization with integrity to all stakeholders</p>	<ul style="list-style-type: none"> <li>● It is important to be responsible not only to employees, but also to customers, partner companies, and society, and to respond to social demands with sincerity.</li> </ul>
<p><b>Co-creation</b> People creating value through the combined efforts of individuals</p>	<ul style="list-style-type: none"> <li>● We need to create value while promoting inter-organizational collaboration and cooperation with external parties.</li> <li>● Cooperation and collaboration at plants also remain important.</li> </ul>	<p><b>Creating collaboration</b> An organization in which individuals put their own interests behind them and cooperate with each other</p>	<ul style="list-style-type: none"> <li>● It is essential to actively change frameworks and systems and provide opportunities to encourage co-creation in an organized manner.</li> </ul>
<p><b>Imagination</b> People capable of thinking from a high and broad perspective</p>	<ul style="list-style-type: none"> <li>● We need to be aware of change and respond with foresight.</li> <li>● It is important to have a medium- to long-term perspective of the plant and the company as a whole, not just focusing on the business or customer for which you are responsible.</li> </ul>	<p><b>Leveraging diversity</b> An organization in which people with various strengths play an active role</p>	<ul style="list-style-type: none"> <li>● It is important to create an environment where diverse people with different perspectives, views, and values can play an active role.</li> </ul>

<Measures implemented and status of efforts>

We are strengthening our efforts to secure and develop the human resources we seek, and are developing the employment environment to realize the organizational vision we aim to achieve. Specifically, we implement various measures ranging from “Securing and training talent” and “D&I promotion” to “Work style reform,” “Personnel system reform,” and “Creating safe and secure workplace.”



<Securing and training talent>

In FY2023, we developed the desired human resources and the organizational vision we aim to achieve. Based on the desired human resources, we will develop an education system and review the content of training programs in order to improve the linkage between the personnel system and human resource development. In addition, the results of the employee awareness survey showed that there were issues with career-related scores, and as a measure leading to autonomous career development, career training was implemented for career-track employees in their 40s. In our career recruiting activities, we began cloud-based referral recruiting in FY2024.

<D&I promotion>

In FY2023, centering on the D&I Promotion Project launched in FY2021, we held training sessions for female leaders, diversity training sessions for managers, seminars to support balancing work and childcare, and parent-child cooking classes as a joint labor-management event. Under the 2026 Mid-term Plan, we will extend our D&I promotion efforts to Group companies. The D&I Promotion Project has been integrated into the Sustainability Promotion Committee and changed to a subcommittee-based promotion structure.

<Work style reform>

Under the Smart Work Project, which started in FY2018, labor and management have been working together to promote diverse and flexible work styles, including the adoption of remote work arrangements and a flexible work schedule without core hours, and to improve work-life balance by reducing total working hours and encouraging employees to take annual leave. Since our efforts under the Smart Work Project have achieved a certain level of success, we decided to terminate it at the end of FY2023. Future work style reforms will be integrated with efforts to promote DX and improve engagement.

<Personnel system reform>

In FY2023, we revised the personnel system for management positions to reduce seniority factors and make it a more meritorious system based on contributions. Following this, we will continue our efforts to reform the personnel system for union members, including reviewing the grading system, evaluation system, and wage system, towards the realization of the desired human resources and the organizational vision we aim to achieve.

We are also strengthening our investment in human capital through base increases, various benefits, and expansion of employee welfare programs. In FY2023, we significantly expanded the license allowance program, which provides allowance to personnel holding public qualifications, etc. In addition, a significant base increase was implemented in April 2024.

<Creating safe and secure workplace>

We are stepping up efforts to reduce heavy-muscle work at each plant to create a safe and secure workplace for employees, including women and elderly workers, and to promote diversity. Health promotion initiatives included mental health education, health events, and nutrition education activities in FY2023. Moreover, to eradicate harassment, we conduct information dissemination through the publication of compliance newsletters, harassment theme-based training sessions, and annual compliance awareness surveys, thereby raising awareness of compliance with laws, regulations, and corporate ethics.

c) Risk management

In order to achieve greater effectiveness in formulating policies and strategies for maximizing the value of human capital, deciding indicators and targets, managing progress and so on, we will consider establishing a system to strengthen the risk management structure to enable the Board of Directors to better carry out supervision and monitoring.

d) Indicators and targets

Concerning the indicators that require monitoring and vision (targets) we should aim for, we will review our conventional approach to totaling indicators and the items subject to totaling and examine ways to achieve greater disclosure from now on.

Classification	Indicator	Performance	FY2030 target
Promotion of women's participation and career advancement	Ratio of female managers	2.8%	5%
	Ratio of female new graduates hired for career track positions	11.1%	20%
	Ratio of male employees taking childcare leave	47.2%	60%
Employee engagement	Employee engagement diagnostic results	67.1pt	75.0pt

- Notes:
- 1 Performance and targets pertain to conditions in the Reporting Company only.
  - 2 The ratio of female managers and ratio of female new graduates hired for career track positions are actual figures as of April 1, 2024. The ratio of male employees taking childcare leave and employee engagement diagnostic results are actual figures for FY2023.
  - 3 The employee engagement diagnosis conducted by the Company is a survey focused on employee experience and has a maximum score of 100. The Company regularly conducts annual engagement diagnostics on a wide variety of items, including work execution, personnel evaluation, human resources development, personnel assignment, work environment, and corporate culture, to understand the status and to continuously implement measures to improve employee engagement.



### 3. Business risks

Matters related to Overview of Business, Financial Information, etc., described in the Annual Securities Report that may have a significant impact on investors' decisions are as follows. Recognizing the possibility that these risks may occur, the Group will strive to avoid their occurrence and to respond to them if they do occur.

Forward-looking statements contained herein represent the judgment of the Group as of the filing date of the Annual Securities Report (June 26, 2024).

#### (1) Rapid fluctuations in the global economy

The Group is strongly affected by global economic fluctuations because it supplies products related to automobiles and data communications, its main business fields, across the world. A sudden and unexpected economic downturn and shrinking demand in major markets around the world, including Japan, Asia, the U.S., and Europe, could have a huge impact on the Group's operating results and financial position.

In particular, the outlook for the global economy remains uncertain due to soaring prices of various materials, the impact of exchange rate fluctuations, Russia's prolonged invasion of Ukraine, and unstable political situations in various countries, etc. It is difficult to predict when these issues will be resolved. It is also difficult to reasonably calculate and assume risks arising from them.

#### (2) Exchange rate fluctuations

The Group's businesses include the production and sale of products overseas. Items denominated in local currencies, including sales, expenses, and assets in each region are converted to yen for the purpose of preparing consolidated financial statements, and the yen value of such items may be affected by the exchange rates prevailing at the time of conversion.

In addition, for businesses that produce in and export from Japan, the appreciation of the yen against other currencies will reduce the relative price competitiveness of the Group's products in the global market. On the other hand, in procuring raw materials from overseas, the depreciation of the yen against other currencies causes the cost of procuring raw materials to soar. Accordingly, foreign exchange fluctuations beyond our forecast may affect the Group's performance and financial position.

Although the Group strives to minimize the adverse effects of short-term fluctuations through flexible foreign exchange hedging transactions, it is difficult to totally eliminate the risk, which may have no small impact on the Group's operating results and financial position.

#### (3) Fluctuations in prices of raw and other materials and energy, as well as shortages of raw materials and parts

The Group procures major raw and other materials, such as steel stocks, and energy, such as electricity and gas, from external suppliers. The Group has concluded basic transaction agreements with these suppliers to ensure stable transactions. Although we assume that significant fluctuations in the prices of raw and other materials and energy caused by changes in market conditions will be passed on to our products' sales prices, the impact on our performance may extend beyond the accounting period because of a delay in passing on costs due to fluctuations to sales prices.

Furthermore, shortages of raw materials and parts could happen due to unforeseen accidents or natural disasters at the source of supply, changes in export or import regulations, the impact of political situations among countries, such as Russia's invasion of Ukraine, on the supply chain, or high resource prices. In such a case, the Group's operating results and financial position could be affected by a decline in production activities.

#### (4) New product development capabilities

In recent years, the automotive industry has been going through the process of technological innovation as is witnessed by "CASE," which refers to Connected, Autonomous, Shared & Services, and Electrification. One of the important issues for the Group is to appropriately respond to the development needs brought about by technological innovation.

The Group believes that it can continue to develop attractive new products through aggressive basic and applied research into new technologies, led by the Company's Research and Development Division. However, the process of developing and launching new products to the market is complex and uncertain and entails an array of risks, including the following:

- Risk of not being able to continue to allocate the necessary funds and resources for the development of new products that require a long development period;
- Risk that a new product will be developed through large-scale investment and resource allocation, but they will not be recoverable;
- Risk of declining profitability due to a drop in sales prices caused by intensifying competition; and
- Risk of loss of cost advantage due to loss of novelty of technology in the mid-development stage as a result of development of new technology by competitors or changes in market needs.

The above risks and other factors could reduce the Group's future growth and profitability and affect its operating results and financial position.

(5) Infringement of intellectual property rights

Because the Group's products utilize a wide range of technologies, measures to prevent unauthorized use of intellectual property rights by third parties and to avoid intellectual property infringement cannot be said to be perfect. There is also a possibility that the Group may be required to stop selling products or pay compensation for unintentional infringement of another company's intellectual property rights. In such cases, the Group's operating results and financial position may be affected by disputes and licensing or settlement costs.

(6) Product quality defects

At each production site, the Group manufactures its products in accordance with globally recognized quality control standards. That being said, there is no guarantee that all products will be defect-free and will not be recalled in the future. In addition, although the Group is insured for product liability, there is no guarantee that this insurance will adequately cover the amount of compensation that the Group must ultimately pay. A product defect that leads to a major recall or product liability could result in huge costs and material impact on the Group's reputation, thereby lowering sales and affecting the Group's operating results and financial position.

(7) Legal restrictions, etc.

The Group is subject to various government regulations in the countries where it operates, including business and investment permits, export restrictions due to national security or other reasons, and other import and export regulations, including tariffs. The Group is also subject to laws and regulations related to commerce, antitrust, patents, consumer, taxation, foreign exchange, employment, and environmental and recycling matters.

The Group is continuously striving to practice compliance with such a wide variety of laws and regulations. However, in the unlikely event that we fail to comply with these, the Group may incur tangible and intangible damages, such as increased direct costs, social sanctions, and reputational damage.

(8) Human rights, working environment, etc.

The Group operates both domestically and internationally, and procures raw and other materials from many countries and regions. In these countries and regions, companies are increasingly concerned about how to deal with issues related to human rights and occupational health and safety, and laws and regulations are changing.

If various human rights issues such as child labor, forced labor, discrimination against foreign workers, harassment, etc., or industrial accidents occur in the Group or supply chain and the Group is unable to respond appropriately to them, the Group's production or procurement could be affected, and the Group's social reputation could be damaged. This could affect the Group's operating results and financial position.

(9) Business expansion into overseas markets

In the business expansion of the Group, there is an inherent risk in some regions and countries that the Group's business activities may be restricted by the underdeveloped common social capital (infrastructure) due to cultural differences, differences in legal systems, social and political instability, and other factors, or that the following unforeseen events may arise. If any of these events were to occur, local production could be disrupted.

- Difficulty in securing human resources due to unforeseen changes in laws or regulations, changes in the labor market, etc., outbreaks of labor disputes, and rapid increases in labor costs
- Social disruption due to radical demonstrations, riots, terrorism, or other factors

If the situation were to be prolonged, it could have an even greater impact on the Group's operating results and financial position.

(10) Impact of disasters, etc.

In the event of natural disasters such as earthquakes, typhoons, floods, or other accidents such as fires, power outages, or infectious diseases, the Group's operating results and financial position could be affected by additional costs incurred due to equipment failure or damage at manufacturing sites and the inability to maintain optimal supply chains.

The Company has established a Sustainability Promotion Committee, which manages Group-wide risks, to foresee and prevent the occurrence of applicable events, report on the occurrence of such events, and consider measures to prevent recurrence of such events. In normal times, the Company identifies risks related to corporate activities, establishes a business continuity plan (BCP) and risk management rules, and conducts education and awareness raising campaigns to prevent risk occurrence. In the event that a risk materializes, a countermeasures headquarters is promptly set up, and under its direction, the responsible divisions and related divisions make a concerted effort to respond to the risk. However, despite the implementation of these risk management initiatives, in the event of disruptions in the Group's production and delivery activities caused by a major disaster occurring at a production site, widespread power outages, outbreaks of infectious diseases, damage to the Group's facilities, or the severance of transportation means and routes for products, the Group's operating results and financial position could be affected.

(11) Risks related to information security

The importance of information systems in the Group's business activities has increased significantly, and the Group is taking appropriate security measures, in terms of both hardware and software. However, despite these countermeasures, in the event of a shutdown of mission-critical information systems or leakage of corporate or personal information due to an unforeseen cyber attack or unauthorized access, the Group's operating results and financial position could be affected.

#### 4. Management analysis of financial position, operating results and cash flows

Overview of operating results, etc.

##### (1) Operating results

During the fiscal year under review, there was uncertainty in the global economy due to factors such as the impact of monetary tightening and concerns about the outlook for the Chinese economy. However, the Japanese economy maintained its gradual recovery trend, while economic growth continued in the U.S.

In the automotive market, one of the main business fields of the Group, the production volume in Japan was 8,485 thousand units, an increase of 9.5% from the previous fiscal year. Meanwhile, the comparative results were: 12,343 thousand units, or up 5.8% year-on-year, in North America (U.S. and Canada); 29,864 thousand units, or up 10.4%, in China; and 1,856 thousand units, or down 0.5%, in Thailand (all figures are calculated according to the fiscal year-end of each manufacturing site).

In the data communications market, the Group's other main business field, the global production volume of hard disk drives (HDDs) declined year-on-year, resulting in a decrease in the total demand for HDD suspensions, our mainstay products.

As a result of the business environment mentioned above, the Group recorded net sales of 766,934 million yen (up 10.6% year-on-year), operating profit of 34,652 million yen (up 20.2%), ordinary profit of 47,814 million yen (up 28.1%), and profit attributable to owners of parent of 39,188 million yen (up 82.0%).

##### (2) Summary of net sales and operating profit by segment for the fiscal year ended March 31, 2024

###### [Automotive Suspension Springs Business]

Production adjustments by automobile manufacturers due to semiconductor supply shortages and other factors almost came to an end. Meanwhile, fixed costs increased due to soaring labor costs caused by the tight labor market in North America and deteriorating productivity caused by the inability to retain human resources. However, thanks to an improvement in selling prices in the second half of the year, net sales of the Automotive Suspension Springs Business were 171,148 million yen (up 16.5% year-on-year) with operating profit of 1,599 million yen (compared with an operating loss of 2,734 million yen in the previous fiscal year).

The main factors increasing/decreasing operating profit are as follows:

Sales fluctuation and difference in product mix	-2.5 billion yen
Material market conditions	+2.8 billion yen
Foreign exchange	+1.2 billion yen
Streamlining	+8.6 billion yen
Fixed costs and others	-5.9 billion yen

###### [Automotive Seating Business]

Production adjustments by automobile manufacturers due to semiconductor supply shortages and other factors almost came to an end. Thanks also to an increase in the yen equivalent value of overseas subsidiaries resulting from the weaker yen, etc., net sales of the Automotive Seating Business were 324,122 million yen (up 18.4% year-on-year) with operating profit of 19,121 million yen (up 161.5%).

The main factors increasing/decreasing operating profit are as follows:

Sales fluctuation and difference in product mix	+6.1 billion yen
Material market conditions	+1.1 billion yen
Foreign exchange	+1.0 billion yen
Streamlining	+6.2 billion yen
Fixed costs and others	-2.5 billion yen

[Precision Springs and Components Business]

Although production adjustments by automobile manufacturers due to semiconductor supply shortages and other factors almost came to an end in the automotive-related area, production volume in the data communications-related are declined owing to production adjustments by HDD manufacturers. As a result, net sales of the Precision Springs and Components Business were 161,701 million yen (up 1.4% year-on-year) and operating profit was 7,117 million yen (down 38.0%).

The main factors increasing/decreasing operating profit are as follows:

Sales fluctuation and difference in product mix	-6.8 billion yen
Material market conditions	+2.0 billion yen
Foreign exchange	+2.4 billion yen
Streamlining	+0.3 billion yen
Fixed costs and others	-2.2 billion yen

[Industrial Machinery and Equipment, and Other Operations Business]

Sales to the automotive-related industries increased due to the recovery of automobile production. However, production volume of semiconductor process components decreased due to the sluggish semiconductor market, and that for the leisure sector also declined. As a result, net sales of the Industrial Machinery and Equipment, and Other Operations Business were 109,962 million yen (down 2.9% year-on-year) with operating profit of 6,813 million yen (down 46.7%).

The main factors increasing/decreasing operating profit are as follows:

Sales fluctuation and difference in product mix	-5.2 billion yen
Material market conditions	-0.1 billion yen
Foreign exchange	+0.8 billion yen
Streamlining	+0.8 billion yen
Fixed costs and others	-2.2 billion yen

(3) Analysis of operating results

(i) Net sales and operating profit

As stated in “(2) Summary of net sales and operating profit by segment for the fiscal year ended March 31, 2024.”

(ii) Non-operating income (losses)

Non-operating income totaled 13,161 million yen, an increase of 4,682 million yen from the previous fiscal year. This was mainly because of a 1,663 million yen increase in foreign exchange gains due to exchange rate fluctuations.

(iii) Extraordinary income (losses)

Extraordinary income totaled 9,011 million yen, an increase of 16,017 million yen from the previous fiscal year. This was mainly because of the recording of a gain on sales of investment securities in the fiscal year under review.

(iv) Income taxes, etc.

The effective income tax rate after application of tax-effect accounting on profit before income taxes was 30.0%, an increase from 23.9% in the previous fiscal year. In the fiscal year under review, the tax rate increased due to a relative decrease in tax credits resulting from an increase in taxable income from the sale of investment securities and the recording of impairment losses on non-current assets at overseas locations.

(v) Profit attributable to non-controlling interests

Profit attributable to non-controlling interests was 564 million yen compared to 1,532 million yen in the previous fiscal year.

(vi) Profit attributable to owners of parent

Profit attributable to owners of parent was 39,188 million yen, up 82.0% from the previous fiscal year. Basic earnings per share was 173.27 yen, an increase of 78.77 yen from the previous fiscal year.

(4) Financial position

With regard to total assets at the end of the fiscal year under review, in addition to the continued impact of the weak yen exchange rate, operating receivables increased due to recovery in the automobile-related business, investment securities and retirement benefit asset increased due to an increase in the fair value of listed shares owned, and cash and deposits increased due to the sale of investment securities. As a result, total assets increased by 84,249 million yen from the end of the previous fiscal year to 690,289 million yen.

Liabilities increased by 29,536 million yen from the end of the previous fiscal year to 269,715 million yen due to an increase in trade payables resulting from recovery in the automobile-related business, an increase in income taxes payable resulting from the sale of investment securities, and an increase in deferred tax liabilities accompanying a rise in the fair value of investment securities.

Net assets increased by 54,713 million yen from the end of the previous fiscal year to 420,574 million yen due to an increase in retained earnings owing to profit attributable to owners of parent, as well as an increase in valuation difference on available-for-sale securities and remeasurements of defined benefit plans due to a rise in the fair value of listed shares owned and an increase in foreign currency translation adjustment due to the continued impact of the weak yen exchange rate.

(5) Cash flows

Cash and cash equivalents at the end of the fiscal year under review increased 35,220 million yen from a year earlier to 93,065 million yen (up 60.9% year-on-year).

Net cash provided by operating activities amounted to 66,706 million yen (compared with net cash provided by operating activities of 13,656 million yen in the previous fiscal year), mainly due to the recording of ordinary profit resulting from recovery in the automobile-related business and other factors and a decrease in inventories.

Net cash used in investing activities amounted to 10,349 million yen (compared with net cash used in investing activities of 41,758 million yen in the previous fiscal year), mainly due to purchase of property, plant and equipment, despite proceeds from sale of investment securities.

Net cash used in financing activities amounted to 20,996 million yen (compared with net cash used in financing activities of 11,546 million yen in the previous fiscal year), due to a net decrease in short-term borrowings, dividends paid, and purchase of treasury shares.

Free cash flow (sum of net cash provided by (used in) operating activities and net cash provided by (used in) investing activities) was a positive 56,356 million yen.

Results of production, orders and sales

(1) Production

Production results of the Group are similar to sales results, so the information is omitted.

(2) Orders received

Results of orders received of the Group are similar to sales results, so the information is omitted.

(3) Sales

For sales results of the Group, please refer to “5. Financial Information, 1 Consolidated Financial Statements, etc., (1) Notes to consolidated financial statements (Revenue recognition), 1. Information on breakdown of revenue from contracts with customers.”

Analysis of financial position, operating results and cash flows

Forward-looking statements contained herein represent the judgment of the Group as of the filing date of the Annual Securities Report (June 26, 2024).

(1) Major accounting policies and estimates

The consolidated financial statements of the Group are prepared based on the accounting standards recognized as fair and appropriate in Japan. The preparation of these consolidated financial statements requires the establishment of estimates and assumptions that affect the reported amounts of assets and liabilities at year-end and the reported amounts of revenues and expenses during the reporting period. The Group believes that the following major accounting policies have a significant impact on the critical judgments and estimates used in the preparation of the Group’s consolidated financial statements.

For the assumptions used in the significant accounting estimates as of the end of the fiscal year under review that we consider to be at risk of having a particularly significant effect on the consolidated financial statements in the following fiscal year and thereafter, please refer to “5. Financial Information, 1 Consolidated Financial Statements, etc., (1) Notes to consolidated financial statements (Significant accounting estimates).”

(i) Standards for recognition of significant revenues and expenses

For the standards for recognition of significant revenues and expenses in the Group, please refer to “5. Financial Information, 1 Consolidated Financial Statements, etc., (1) Notes to consolidated financial statements (Significant matters that serve as the basis for preparation of consolidated financial statements), (4) Accounting policies, (e) Standards for recognition of significant revenues and expenses.”

(ii) Allowance for doubtful accounts

To prepare for credit losses on receivables, the Group records an estimated uncollectable amount at the amount estimated by either using the historical rate of credit loss for general receivables, or based on individual restructuring plans and other considerations of collectability for specific receivables such as highly doubtful receivables.

(iii) Impairment of non-current assets

For non-current assets owned by the Group, we assess by asset or asset group whether there is any indication that the asset may be impaired, based on internal corporate information such as profit and loss reports and management plans, as well as information on factors external to the Group such as the business environment and market prices. If we determine through this assessment that an impairment loss should be recognized, the carrying amount of the asset is written down to its recoverable amount.

The recoverable amount is the salable value based on real estate appraisal results or the discounted present value of future cash flows based on future management plans. Fluctuations in market value, deviations from management plans, and fluctuations in discount rates caused by changes in the economic environment and other factors may affect the calculation of the impairment amount.

Based on the information available at the end of the fiscal year under review, the Company assumes that the impact of the decrease in automobile production volume due to the surge in raw material prices, changes in the economic environment, and other factors will continue for a certain period of time from the next fiscal year onwards. If a large difference arises against these assumptions due to subsequent adjustments in the operation of customers or other factors, it may affect the future impairment of non-current assets.

(iv) Impairment of investment

For impairment of investment, if the market value has declined by 50% or more of the acquisition cost, the Group impairs the investment, except in cases where the market value is likely to recover; if the market value has declined by 30% or more but no more than 50%, the Group determines whether the market value is likely to recover and impairs the investment if it is determined that there is no possibility of recovery.

In determining recoverability, the Group takes into consideration the length of time and extent of decline below book value and the financial condition and future prospects of the company in question, but changes in the market or economic environment may affect the value of the investment.

(v) Deferred tax assets

The Group calculates deferred tax assets by multiplying deductible temporary differences at the end of the fiscal year by the effective statutory tax rate applicable from the following fiscal year. However, future changes in the effective statutory tax rate by the tax authorities may increase or decrease deferred tax assets, which may increase or decrease profits.

The Group records a valuation allowance to reduce its deferred tax assets to the amount more likely than not to be realized. In assessing the need for a valuation allowance, we consider the schedule for reversing deductible temporary differences, taxable income based on future management plans, and prudent and feasible ongoing tax planning. However, if, due to changes in the business environment or management plan, it is determined that all or a portion of the deferred tax assets cannot be realized in the future, an adjustment to the deferred tax assets will be recorded as expenses in the period in which such determination is made. Similarly, if we determine that we will be able to realize deferred tax assets in the future in excess of the net amount recorded, an adjustment to deferred tax assets will increase profits in the period in which such determination is made.

(vi) Retirement benefit expenses

The Group's retirement benefit expenses and obligations vary depending on the assumptions used in their calculation. These assumptions include factors such as discount rate, accrued benefits, interest cost, expected rate of return on plan assets, and mortality.

The discount rate is set based on the yield of low-risk bonds such as government bonds, while the expected rate of return on plan assets is set based on the long-term rate of return on plan assets such as corporate pension funds.

The difference between these assumptions and actual results and the effect of changes in the market value of plan assets are recognized immediately through the consolidated statement of comprehensive income. Although the Group believes that the assumptions used are reasonable, differences from actual results or changes in the assumptions themselves could affect retirement benefit expenses and retirement benefit asset and liability.

(2) Analysis of operating results for the fiscal year ended March 31, 2024

As described in "4. Management analysis of financial position, operating results and cash flows, Overview of operating results, etc."

(3) Analysis of capital resources and liquidity of funds

(i) Cash flows

As described in "4. Management analysis of financial position, operating results and cash flows, Overview of operating results, etc."

(ii) Basic approach to financial strategy

The Group's financial strategy is based on the timely and appropriate allocation of management resources to enhance corporate value. We believe it is important to implement a flexible capital



policy that responds to changes in the business environment, to make shareholder returns with an awareness of the cost of capital, and to achieve a capital structure that balances efficiency and safety.

We have established new financial indicators in the “2026 Mid-term Plan.” The Group’s equity-to-asset ratio is over 50%, indicating the financial health and soundness of the Group. In February 2024, Rating and Investment Information, Inc. (R&I) upgraded the Group’s rating to “Single A Flat.” Aiming to maintain the equity-to-asset ratio at 50% or more, we will continue to maintain and improve our credit ratings and further enhance resilience against risks. In addition to ROE, we have newly adopted ROIC as a financial indicator that places more emphasis on the efficiency of invested capital. We will strive to improve the efficiency in cooperation with each business division, targeting ROIC of 7% or more.

Regarding shareholder returns, we recognize that the distribution of profits to shareholders is a matter of utmost importance, and our basic policy is to maintain stable dividends by comprehensively taking into account consolidated financial results, payout ratio, and other factors, with a target payout ratio of 30% or more.

Prior to the “2026 Mid-term Plan,” the Board of Directors approved a resolution in February 2024 to repurchase up to either 12,000 thousand treasury shares or 18,000 million yen worth of treasury shares. The Company completed the repurchase in May 2024 and acquired 11,698 thousand shares in total with a total value of 18,000 million yen. The Company held 22,408 thousand treasury shares at the end of the fiscal year ended March 31, 2024, whereas the number of treasury shares held by the Company upon completion of the repurchase was 29,048 thousand, or 11.9% of issued shares.

The maximum number of treasury shares to be held by the Company is approximately 5% of the number of issued shares, and the Company’s policy is to cancel any treasury stock in excess of this limit, in principle. The Company will determine the timing of the cancellation, comprehensively taking into consideration its financial situation, the business environment, and other factors.

			FY2023 (Results)	2026 Mid-term Plan (Targets)
Financial Indicators	Investment efficiency	ROE	10.4%	10% or more
		ROIC	6.1%	7% or more
	Shareholder return	Payout ratio	24.2%	30% or more
	Soundness	Equity-to-asset ratio	58.7%	50% or more
	Cross- shareholdings	Net asset ratio	20.4%	Less than 20%

**Prioritize capital allocation for growth investments to enhance corporate value over the medium to long term**

Cash inflow	Cash outflow		
<b>Operating CF</b> 270 billion yen	<b>Investment</b> 250 billion yen	<b>Human capital investment</b> 50 billion yen	■ Improve employee engagement through better compensation and workplace environment
		<b>DX investment</b> 20 billion yen	■ Promote business reform by investing in mission-critical systems and AI technologies
		<b>CN investment</b> 10 billion yen	■ Promote CN activities by electrifying production facilities and purchasing renewable energy
		<b>R&amp;D investment</b> 70 billion yen	■ Accelerate activities to develop and launch new products and promote measures to enhance the value of existing products
		<b>Business investment</b> 100 billion yen	■ Strengthen "quality first" manufacturing capabilities through continuous technological innovation
<b>Sale of cross-shareholdings</b> 15 billion yen	<b>Shareholder return</b> 60 billion yen	<b>Dividend</b> 40 billion yen	■ Stable dividend based on comprehensive consideration of consolidated performance, dividend payout ratio, etc.
<b>New borrowings from financial institutions</b> 25 billion yen		<b>Share buybacks</b> 20 billion yen	■ Shareholder returns through share buybacks and cancellations and a capital structure that is efficient and safe

\*Operating CF of 270 billion yen is the original operating CF of 170 billion yen plus 100 billion yen of expenses included in investments (30 billion yen for human capital investment, 4 billion yen for DX investment, and 66 billion yen for R&D investment) of cash outflows.

(iii) Approach to fundraising

The Group mainly obtains working capital for business activities, such as funding for materials and parts used in manufacturing, and R&D expenses, from operating cash flows. Concerning funds required until the collection of claims, we maintain fluidity equivalent to 1.5 months of consolidated sales by means of commercial papers and bank borrowing.

Meanwhile, we raise funds for capital investments, including those in measures to realize carbon neutrality, through bank borrowing and issue of corporate bonds, etc., based on the capital investment plan in each business, while comprehensively taking into account market interest and exchange rate trends, or repayment schedules for existing loans, etc. with regard to domestic and overseas fundraising.

The interest-bearing debt at the end of the fiscal year under review fell 3,086 million yen from a year earlier to 47,414 million yen.

Moreover, the Group improves the efficiency of funding by providing intra-Group loans. Some overseas affiliated companies procure funds from local financial institutions. In such cases, the Company may provide guarantees for the borrowings of its affiliates.

Although the outlook remains uncertain due to soaring raw material prices and logistics and energy costs, rapid exchange rate fluctuations, and other factors, the Company has a system in place, in preparation for the risk of a downturn in operating cash flow, to secure liquidity on hand through commitment line contracts, overdraft facilities, the sale of cross-shareholdings, and other means. We will continue our efforts to secure financing in case of emergencies.

5. Material management contracts, etc.

Technology acceptance contract

Name of contracting company	Name of the counterparty	Country	Contracted item	Contract details	Contract period
NHK Precision Co., Ltd.	Acument Global Technologies, B.V.	Netherlands	Torx punch	Licensing of patents and manufacturing technology (Note)	From April 23, 2017 To April 22, 2026
Sumihatsu Co., Ltd.	Pandrol UK Ltd.	U.K.	Pandrol e-Clip	OEM contract (Note)	From March 23, 2018 To March 22, 2028

(Note) A certain percentage of sales is paid as royalties.

## 6. Research and development activities

The Group is actively engaged in R&D activities ranging from R&D of basic technologies for generating breakthrough solutions to development of new products for proposal and that of production technologies. In addition, we are stepping up efforts to differentiate our products and technologies through active patent applications. Moreover, with the recent electrification of automobiles and motorcycles, the Electrification Business Promotion Department, which has a marketing function, has been promoting the development of new products and new businesses in order to promptly reflect market trends and customer needs in our R&D activities. In April 2024, we established the EV Sales Department within the Sales Division to expand and accelerate business development sales and marketing functions, including those related to electrification.

As a measure against climate change, which has become a global issue, we are working to reduce CO<sub>2</sub> emissions to 50% of the FY2013 level by 2030 and to achieve virtually zero CO<sub>2</sub> emissions by 2039, in accordance with the “NHK Spring Group’s Carbon Neutral Declaration.” We have launched activities such as electrification, energy replacement, and energy saving, and are striving to achieve virtually zero CO<sub>2</sub> emissions through the manufacture of each product and the technological development of each product.

Currently, R&D is being conducted by a number of employees throughout the Group, including the R&D Division, the Engineering Division, the Electrification Business Promotion Department at the Head Office, the development, technology, and design departments of each production division, and the development departments of each affiliated company. In total, there are 1,066 employees involved in R&D, which represents 6.0% of the total number of employees.

Total R&D expenses for the Group in the fiscal year under review amounted to 19,335 million yen, or 2.5% of the Group’s total sales.

R&D activities by business segment in the fiscal year under review are as follows: The above R&D expenses include 2,392 million yen for basic R&D of materials technology, processing technology, joining technology, analytical technology, analysis technology, etc. common to each business division, which are conducted by the R&D Division, Engineering Division and Electrification Business Promotion Department at the Head Office.

### (1) Automotive Suspension Springs Business

In the Automotive Suspension Springs Business, we are promoting the development of products with high quality and added value as a response to the electrification by automobile manufacturers. We are also implementing plans towards carbon neutrality, an environmental issue, and reducing CO<sub>2</sub> emissions.

In the area of automotive suspension springs, we are developing new technologies and products, focusing on coil springs, stabilizers, and leaf springs, which are our mainstay products, in order to accommodate the needs of BEV (battery electric vehicle) manufacturers for: weight reduction, which contributes to the improvement of electric power consumption performance of vehicles; the downsizing of parts, which also contributes to the improvement of aerodynamic performance; and weight increase of vehicles.

Our highly durable, lightweight, and compact metal bellows accumulators have conventionally been used for braking systems, but we are now responding to the needs of our overseas customers for suspension applications.

R&D expenses related to this business segment amounted to 4,266 million yen in the fiscal year ended March 31, 2024.

### (2) Automotive Seating Business

In the Automotive Seating Business, we are working on the development of “safety performance,” “comfort logic,” and “virtual technology,” which are fundamental technologies to gain an advantage over competitors. Using these as a foundation, we are developing high value-added products that meet market needs or address environmental issues.

In order to contribute to the increase in the range of electric vehicle, which is expected to increase in production, we are considering further stepping up weight reduction, in addition to power-saving technologies, and are pushing ahead with development of lightweight frames using aluminum and replacement of some of the frame parts made of metal with those made of resin. Going forward, in

addition to lighter and thinner metal frames, we will conduct R&D aimed at developing lighter and thinner seats, including springs and urethanes.

As for self-driving car seats, we have developed seats that are comfortable in both driving and resting postures, reduce fatigue when seated for long periods of time, provide thermal comfort, and reduce car sickness, which is a problem when watching moving images, taking into consideration the needs of automated driving. Some items are under development with automobile manufacturers for mass production.

In the development of eco-friendly seats, we are developing technologies that are highly effective in reducing CO<sub>2</sub> emissions by replacing parts with those made from biomass or recycled raw materials. Also, with an eye to recycling at the time of seat disposal, we are developing seats whose parts are made of a single material as well as those with a structure that is easy to disassemble for sorting in order to improve the recycling rate.

R&D expenses related to this business segment amounted to 5,994 million yen in the fiscal year ended March 31, 2024.

### (3) Precision Springs and Components Business

In the Precision Springs and Components Business, we are focusing on the development of electrification-related products to keep pace with the changing landscape of the automotive industry. In the area of motor-related products, we are developing a proprietary manufacturing method for motor cores for high-efficiency motors, which are required for the shift to smaller, higher-rpm motors, and are on track for commercialization. In the area of inverter-related products, we have commercialized a taper leaf spring for power module cooling utilizing conventional spring technology. Since heat management technology will be essential in this area in the future, we are introducing equipment, enhancing evaluation and analysis technologies, and working on the development of next-generation springs. In the area of existing wire springs and disc springs, we have established an analysis system to achieve their optimal design and further improvement of their reliability. As for mechanical parts for HDDs, we are developing materials and products for next-generation HDDs.

In the area of HDD suspensions, mass production of CLA/TSA for ten-platter 20-24 TB HDDs has started for all customers. Mass production of TSA for HDDs incorporating heat-assisted magnetic recording (HAMR) has also begun. We will continue to promote cost reduction and quality improvement through overseas deployment of mass production facilities with higher production efficiency, yield improvement, and other means. TSA for HDDs with a capacity of 26 TB or more is currently under development. In order to produce an HDD with a larger storage capacity, it is essential to further increase areal density per platter and the number of platters, which requires improvements in the magnetic head positioning control system and thinner suspensions. In the case of an HDD with multiple platters, the related parts also need to be thinner. Furthermore, the magnetic head positioning control system is greatly disturbed by external factors such as high-speed fans for cooling in data centers. As high resonance damping performance is especially required in either case, we are working on design optimization along with the development of materials and parts for thin suspensions.

R&D expenses related to this business segment amounted to 4,738 million yen in the fiscal year ended March 31, 2024.

### (4) Industrial Machinery and Equipment, and Other Operations Business

As semiconductors continue to become increasingly multilayered and miniaturized, we are working to develop semiconductor process parts that respond to the diversification and higher precision of functions and characteristics required to achieve this.

With the diversification of semiconductor manufacturing processes, we are also engaged in the prototyping and development of products using metallic materials that are generally regarded as difficult-to-machine materials with excellent heat and corrosion resistance. In addition to our core joining technology, we are working to improve the precision and efficiency of processing of these difficult-to-machine materials. In addition, we continue to develop and produce high value-added products by applying ceramic thermal spray coating, which has excellent insulation and plasma resistance, to metal base materials.

As for the upper parts of semiconductor manufacturing equipment using solid state diffusion bonding technology, we provide ultra-high purity products that minimize the risk of contamination to the extreme.

In recent years, the demand for IMS (Integrated Metal Substrate) for EV/HEV and industrial applications has been growing supported by the booming power semiconductor market, and the demand for products with not only high quality and high reliability, but also high purity has been on the rise. As semiconductors are mounted more densely and devices have larger capacities, there is a growing need for IMSs with better heat dissipation and noise resistance, and we are continuously promoting the development of material with excellent heat dissipation and insulation properties to cater to this need. The developed insulating material has high heat dissipation, excellent heat resistance and durability, and is intended to replace ceramics.

At the same time, we are focusing on the development of processing technologies such as thick copper etching, special metal processing, and thorough automation to build high-quality, highly productive production lines and expand production capacity to meet future growth in demand.

In the area of golf shafts, we are developing products for all levels of golfers by making full use of thickness adjustment, heat treatment, and analysis technologies. A new R&D building, whose construction started in the previous fiscal year, was completed in April 2023, and our R&D structure has further been enhanced.

The new brand of carbon shafts for drivers, created under this R&D structure, enables players to achieve the desired distance according to clubhead speed by controlling shaft movement, which is made easy to do by our unique theory and manufacturing method.

It also contributed to the formation of the lightest grade 750GHneo, the culmination of the neo series. These new products were put on the market in early 2024. In addition, trivalent chromium plating, developed specifically for shafts, provides a high-grade color tone (black and silver) while also being environmentally friendly and increasing user satisfaction.

R&D expenses related to this business segment amounted to 1,942 million yen in the fiscal year ended March 31, 2024.

### III. Information About Facilities

#### 1. Overview of Capital Expenditures

During the fiscal year ended March 31, 2024, the Group made capital expenditures amounting to 37,000 million yen for the purposes of developing and receiving orders for new products, improving the productivity and quality of existing products and enhancing the Group's production capability. The capital expenditures reported herein include investments in tangible as well as intangible assets.

Please find below capital expenditures by the segment.

##### (1) Automotive Suspension Springs Business

In this segment, the Group made capital expenditures totaling 5,802 million yen mainly aimed at receiving orders for new products and improving the productivity and quality of existing products. Major facilities concerned were the Company's and NHK Spring Mexico's production facilities for automotive suspension springs.

None of the segment's key facilities was retired or sold.

##### (2) Automotive Seating Business

In this segment, the Group made capital expenditures totaling 4,922 million yen mainly aimed at receiving orders for new products and improving the productivity and quality of existing products. Major facilities concerned were the Company's and NHK Seating of America's production facilities for vehicle seating.

None of the segment's key facilities was retired or sold.

##### (3) Precision Springs and Components Business

In this segment, the Group made capital expenditures totaling 15,360 million yen mainly aimed at developing and receiving orders for new products, improving the productivity and quality of existing products and enhancing production capability. Major facilities concerned were the Atsugi Plant's building and NHK Spring Thailand's production facilities for HDD suspensions and those for precision springs and components.

None of the segment's key facilities was retired or sold.

##### (4) Industrial Machinery and Equipment, and Other Operations Business

In this segment, the Group made capital expenditures totaling 8,201 million yen mainly aimed at developing and receiving orders for new products, improving the productivity and quality of existing products and enhancing production capability. Major facilities concerned were the Miyada Plant's buildings and the Komagane Plant's mill and production facilities for integrated metal substrates.

None of the segment's key facilities was retired or sold.

##### (5) All segments

The Group made capital expenditures totaling 2,713 million yen for facilities that are used by its all segments.

None of the segment's key facilities was retired or sold.

## 2. Major Facilities

### (1) Reporting company

(As of March 31, 2024)

Name of office (Location)	Name of segment	Type of facility	Carrying amount (Millions of yen)					Number of employees (Persons)
			Buildings and structures	Machinery, equipment and vehicles	Land (1,000 m <sup>2</sup> )	Other	Total	
Yokohama Plant (Kanazawa-ku, Yokohama)	Automotive Suspension Springs Business	Production facilities for leaf and coil springs	394	2,917	Included under the head office	368	3,681	497
Shiga Plant (Koka-shi, Shiga)	Automotive Suspension Springs Business	Production facilities for coil springs, stabilizer bars, torsion bars, etc.	815	1,760	1,508 [113]	225	4,310	247
Gunma Plant (Ota-shi, Gunma)	Automotive Seating Business	Production facilities for automotive seats	2,575	1,269	965 [63]	879	5,690	532
Yokohama Plant (Kanazawa-ku, Yokohama)	Automotive Seating Business	Production facilities for automotive seats	823	452	Included under the head office	486	1,762	548
Toyota Plant (Toyota-shi, Aichi)	Automotive Seating Business	Production facilities for automotive seats	1,577	1,404	166 [56]	847	3,995	342
Atsugi Plant (Aikawa-machi, Aiko-gun, Kanagawa)	Precision Springs and Components Business	Production facilities for HDD suspensions, motor cores, precision springs and components, and those for dies	6,768	3,510	1,755 [49]	1,492	13,526	527
Ina Plant (Miyada-mura, Kamiina-gun, Nagano)	Precision Springs and Components Business	Production facilities for precision springs and components	1,510	448	331 [34]	271	2,561	437
Komagane Plant (Komagane-shi, Nagano)	Precision Springs and Components Business	Production facilities for HDD suspensions	1,133	2,654	1,166 [92]	1,220	6,174	485
Isehara Plants No.1 and No.2 (Isehara-shi, Kanagawa)	Industrial Machinery and Equipment, and Other Operations Business	Production facilities for semiconductor process components, ceramic products, piping support equipment, industrial-use spring mechanisms, and security products	813	592	803 [8]	501	2,710	337
Miyada Plant (Miyada-mura, Kamiina-gun, Nagano)	Industrial Machinery and Equipment, and Other Operations Business	Production facilities for semiconductor process components	5,281	1,394	534 [20]	1,137	8,347	162



Name of office (Location)	Name of segment	Type of facility	Carrying amount (Millions of yen)					Number of employees (Persons)
			Buildings and structures	Machinery, equipment and vehicles	Land (1,000 m <sup>2</sup> )	Other	Total	
Yasu Plant (Yasu-shi, Shiga)	Industrial Machinery and Equipment, and Other Operations Business	Production facilities for parking equipment	271	362	1,508 [59]	22	2,165	68
Komagane Plant (Komagane-shi, Nagano)	Industrial Machinery and Equipment, and Other Operations Business	Product production facilities and production facilities for integrated metal substrates	691	541	Included under the Komagane Plant (precision springs and compo- nents)	2,080	3,313	178
Head office (Kanazawa-ku, Yokohama)	All segments	—	5,111	1,056	2,535 [123]	1,651	10,354	503

(2) Domestic subsidiaries

(As of March 31, 2024)

Name of company	Name of office (Location)	Name of segment	Type of facility	Carrying amount (Millions of yen)						Number of employees (Persons)
				Buildings and structures	Machinery, equipment and vehicles	Land (1,000 m <sup>2</sup> )	Leased assets	Other	Total	
NHK SALES CO., LTD. (Nippan)	Head office (Minato-ku, Tokyo)	Industrial Machinery and Equipment, and Other Operations Business	—	42	0	— [-]	—	36	78	113
Yokohama Kiko Co., Ltd.	Head office and Fukuura Plant (Kanazawa- ku, Yokohama)	Industrial Machinery and Equipment, and Other Operations Business	Production facilities for lighting fixtures	205	34	1,288 [23]	—	26	1,554	68
NHK Precision Co., Ltd.	Head office and Isehara Plant (Isehara-shi, Kanagawa)	Precision Springs and Components Business	Production facilities for precision springs and components	59	60	— [-]	—	6	126	42
	Yokote Plant (Yokote-shi, Akita)	Precision Springs and Components Business	Production facilities for precision springs and components	391	416	165 [64]	—	97	1,071	153

Name of company	Name of office (Location)	Name of segment	Type of facility	Carrying amount (Millions of yen)						Number of employees (Persons)
				Buildings and structures	Machinery, equipment and vehicles	Land (1,000 m <sup>2</sup> )	Leased assets	Other	Total	
NHK TRANSPORT CO., LTD.	Chubu Distribution Center (Toyota-shi, Aichi)	Industrial Machinery and Equipment, and Other Operations Business	Distribution center	419	1	— [-]	5	21	447	31
	Toyota Distribution Center (Toyota-shi, Aichi)	Industrial Machinery and Equipment, and Other Operations Business	Distribution center	249	6	313 [3]	8	6	585	50
	Kikugawa Distribution Center (Kikugawa-shi, Shizuoka)	Industrial Machinery and Equipment, and Other Operations Business	Distribution center	601	4	352 [22]	—	16	974	17
NIPPATSU SERVICE Co., Ltd.	Yokohama Nishiguchi Office (Kanagawa-ku, Yokohama)	Industrial Machinery and Equipment, and Other Operations Business	—	66	11	22 [0]	—	7	108	33
Nippon Shaft, Co., Ltd.	Komagane Plant (Komagane-shi, Nagano)	Industrial Machinery and Equipment, and Other Operations Business	Production facilities for golf shafts	619	670	234 [26]	—	78	1,603	153
Sumihatsu Co., Ltd.	Head office and Tsukuba Plant (Sakuragawa-shi, Ibaraki)	Automotive Suspension Springs Business	Production facilities for leaf springs	554	996	604 [153]	—	76	2,231	439
ITES CO., LTD.	Head office and Totsuka Office (Totsuka-ku, Yokohama)	Automotive Seating Business	Production facilities for automotive seats	120	268	— [-]	3	151	544	124
HORIKIRI, INC.	Head office and Yachiyo Plant (Yachiyo-shi, Chiba)	Automotive Suspension Springs Business	Production facilities for leaf springs	1,143	1,764	336 [17]	—	164	3,408	176
NHK FLEX Co., Ltd.	Head factory (Ina-shi, Nagano)	Precision Springs and Components Business	Production facilities for cables	2	144	— [-]	—	117	264	265
Tokuhatsu Co., Ltd.	Head office and Itami Plant (Itami-shi, Hyogo)	Precision Springs and Components Business	Production facilities for precision springs and components	502	196	71 [14]	—	64	834	156
	Sanda Plant (Sanda-shi, Hyogo)	Precision Springs and Components Business	Production facilities for precision springs and components	542	388	340 [13]	—	14	1,285	21

Name of company	Name of office (Location)	Name of segment	Type of facility	Carrying amount (Millions of yen)						Number of employees (Persons)
				Buildings and structures	Machinery, equipment and vehicles	Land (1,000 m <sup>2</sup> )	Leased assets	Other	Total	
TOHOKU NIPPATSU CO., LTD.	Head factory (Kitakami-shi, Iwate)	Automotive Suspension Springs Business/Automotive Seating Business	Production facilities for coil springs and automotive seats	315	181	104 [10]	–	94	695	183
	Oshu Plant (Oshu-shi, Iwate)	Automotive Seating Business	Production facilities for automotive seats	117	8	116 [22]	–	1	245	25
FAURECIA-NHK KYUSHU CO., LTD.	Head factory (Kanda-machi, Miyako-gun, Fukuoka)	Automotive Seating Business	Production facilities for automotive seats	288	167	444 [26]	11	30	942	119
NHK MEC Corporation	Komagane Plant (Komagane-shi, Nagano)	Industrial Machinery and Equipment, and Other Operations Business	Production facilities for boat components	480	113	220 [15]	10	301	1,125	138
NHK Spring Production Company	Head factory (Isehara-shi, Kanagawa)	Automotive Suspension Springs Business	Production facilities for stabilizer bars	401	510	1,012 [31]	–	331	2,257	157
Topura Co., Ltd.	Head office and Hadano Plant (Hadano-shi, Kanagawa)	Precision Springs and Components Business	Production facilities for fasteners (screws)	593	357	1,633 [47]	84	68	2,736	307
	Osaka Plant (Katano-shi, Osaka)	Precision Springs and Components Business	Production facilities for fasteners (screws)	97	270	318 [8]	1	47	735	106
	Tokai Plant (Omaezaki-shi, Shizuoka)	Precision Springs and Components Business	Production facilities for fasteners (screws)	408	452	377 [56]	5	9	1,251	124
NHK SPRING KYUSHU CO., LTD.	Head factory (Kanda-machi, Miyako-gun, Fukuoka)	Automotive Suspension Springs Business	Production facilities for coil springs and stabilizer bars	1,067	297	329 [40]	–	124	1,818	46
NHK SEATING MIZUSHI MA Co., Ltd.	Head factory (Kurashiki-shi, Okayama)	Automotive Seating Business	Production facilities for automotive seats	7	56	– [–]	–	37	102	249

## (3) Overseas subsidiaries

(As of December 31, 2023)

Name of company	Name of office (Location)	Name of segment	Type of facility	Carrying amount						Number of employees (Persons)
				Buildings and structures	Machinery, equipment and vehicles	Land (1,000 m <sup>2</sup> )	Leased assets	Other	Total	
NHK Spring (Thailand) Co., Ltd.	Wellgrow Plant (Bangpakong, Chachoengsao)	Automotive Suspension Springs Business	Production facilities for automotive suspension springs	98 (Millions of baht)	276 (Millions of baht)	518 (Millions of baht) [159]	–	206 (Millions of baht)	1,098 (Millions of baht)	500
		Precision Springs and Components Business	Production facilities for precision springs and components and HDD suspensions	330 (Millions of baht)	1,378 (Millions of baht)	Included under the above	–	695 (Millions of baht)	2,403 (Millions of baht)	1,371
	Bangpoo Plant (Muang Samutprakarn, Samut Prakan, Thailand)	Automotive Seating Business	Production facilities for automotive seats	53 (Millions of baht)	213 (Millions of baht)	90 (Millions of baht) [69]	–	114 (Millions of baht)	470 (Millions of baht)	885
	Banpho Plant (Ban Pho, Chachoengsao, Thailand)	Automotive Seating Business	Production facilities for automotive seats	67 (Millions of baht)	3 (Millions of baht)	355 (Millions of baht) [189]	–	20 (Millions of baht)	445 (Millions of baht)	331
	Hemaraj Plant (Pluakdaeng, Rayong, Thailand)	Automotive Seating Business	Production facilities for automotive seats	84 (Millions of baht)	35 (Millions of baht)	202 (Millions of baht) [142]	–	80 (Millions of baht)	401 (Millions of baht)	159
NHK Precision (Thailand) Co., Ltd.	Muang Samutprakarn, Samut Prakan, Thailand	Precision Springs and Components Business	Production facilities for precision springs and components	63 (Millions of baht)	80 (Millions of baht)	72 (Millions of baht) [18]	–	38 (Millions of baht)	254 (Millions of baht)	144
NAT Peripheral (Dongguan) Co., Ltd.	Chang'an, Dongguan, Guandong, China	Precision Springs and Components Business	Production facilities for HDD suspensions	– (Thousands of HK\$)	196,871 (Thousands of HK\$)	– [–]	–	30,035 (Thousands of HK\$)	226,906 (Thousands of HK\$)	833
NHK-Uni Spring (Guangzhou) Co., Ltd.	Guangzhou Economic and Technological Development Zone, Guangzhou, China	Automotive Suspension Springs Business	Production facilities for automotive suspension springs	25,147 (Thousands of yuan)	39,016 (Thousands of yuan)	– [–]	–	3,802 (Thousands of yuan)	67,966 (Thousands of yuan)	456
NHK Spring Precision (Guangzhou) Co., Ltd.	Guangzhou Economic and Technological Development Zone, Guangzhou, China	Precision Springs and Components Business	Production facilities for precision springs and components	12,411 (Thousands of yuan)	107,756 (Thousands of yuan)	– [–]	–	23,921 (Thousands of yuan)	144,089 (Thousands of yuan)	311
NHK Seating (Hubei) Co., Ltd.	Xiangyang Gaoxin District, Xiangyang, Hubei, China	Automotive Seating Business	Production facilities for automotive seats	42,218 (Thousands of yuan)	– (Thousands of yuan)	– [–]	–	– (Thousands of yuan)	42,218 (Thousands of yuan)	94
NHK Manufacturing (Malaysia) SDN. BHD.	Seremban, Negeri Sembilan, Malaysia	Industrial Machinery and Equipment, and Other Operations Business	Product facilities for integrated metal substrates	5,112 (Thousands of Malaysian ringgit)	6,975 (Thousands of Malaysian ringgit)	2,410 (Thousands of Malaysian ringgit) [22]	–	29,670 (Thousands of Malaysian ringgit)	44,168 (Thousands of Malaysian ringgit)	406
Topura America Fastener, Inc.	Bowling Green, Kentucky, United States	Precision Springs and Components Business	Production facilities for fasteners (screws)	4,487 (Thousands of US\$)	3,657 (Thousands of US\$)	212 (Thousands of US\$) [161]	–	223 (Thousands of US\$)	8,580 (Thousands of US\$)	89

Name of company	Name of office (Location)	Name of segment	Type of facility	Carrying amount						Number of employees (Persons)
				Buildings and structures	Machinery, equipment and vehicles	Land (1,000 m <sup>2</sup> )	Leased assets	Other	Total	
NHK Spring Mexico, S.A. de C.V.	Irapuato, Guanajuato, Mexico	Automotive Suspension Springs Business/ Precision Springs and Components Business	Production facilities for automotive suspension springs, precision springs and components	68,392 (Thousands of Mexican peso)	279,762 (Thousands of Mexican peso)	67,486 (Thousands of Mexican peso) [98]	–	113,208 (Thousands of Mexican peso)	528,849 (Thousands of Mexican peso)	263
NHK International Corporation	Novi, Michigan, United States	Automotive Suspension Springs Business	–	3,682 (Thousands of US\$)	1,413 (Thousands of US\$)	435 (Thousands of US\$) [16]	–	112 (Thousands of US\$)	5,644 (Thousands of US\$)	107
New Mather Metals, Inc.	Franklin, Kentucky, United States	Automotive Suspension Springs Business	Production facilities for stabilizer bars	7,144 (Thousands of US\$)	25,414 (Thousands of US\$)	418 (Thousands of US\$) [118]	–	2,039 (Thousands of US\$)	35,017 (Thousands of US\$)	425
NHK of America Suspension Components, Inc.	Bowling Green, Kentucky, United States	Automotive Suspension Springs Business /Precision Springs and Components Business	Production facilities for coil springs and those for precision springs and components	8,871 (Thousands of US\$)	29,476 (Thousands of US\$)	360 (Thousands of US\$) [176]	–	3,520 (Thousands of US\$)	42,229 (Thousands of US\$)	325
NHK Seating of America, Inc.	Frankfort, Indiana, United States	Automotive Seating Business	Production facilities for automotive seats	30,010 (Thousands of US\$)	23,970 (Thousands of US\$)	1,803 (Thousands of US\$) [282]	–	17,793 (Thousands of US\$)	73,579 (Thousands of US\$)	801
NHK Spring Precision of America, Inc.	Louisville, Kentucky, United States	Precision Springs and Components Business	Production facilities for precision springs and components	3,907 (Thousands of US\$)	4,112 (Thousands of US\$)	1,120 (Thousands of US\$) [69]	–	470 (Thousands of US\$)	9,611 (Thousands of US\$)	175
NHK Spring India Ltd.	Manesar Plant (Manesar, Haryana, India)	Automotive Suspension Springs Business	Production facilities for coil springs and stabilizer bars	170 (Millions of Indian rupee)	329 (Millions of Indian rupee)	158 (Millions of Indian rupee) [37]	–	3 (Millions of Indian rupee)	663 (Millions of Indian rupee)	203
	Sricity Plant (Sricity, Andhra Pradesh, India)	Automotive Suspension Springs Business/ Automotive Seating Business	Production facilities for coil springs and automotive seats	280 (Millions of Indian rupee)	355 (Millions of Indian rupee)	– [70]	–	6 (Millions of Indian rupee)	644 (Millions of Indian rupee)	44
NHK Spring Hungary KFT.	Tata, Komárom-Esztergom, Hungary	Automotive Suspension Springs Business	Production facilities for coil springs and stabilizer bars	5,943 (Millions of Hungarian forint)	– (Millions of Hungarian forint)	967 (Millions of Hungarian forint) [191]	–	294 (Millions of Hungarian forint)	7,205 (Millions of Hungarian forint)	226

- Notes: 1 The “Other” is a sum of the carrying amount of tools, furniture and fixtures and the amount of construction in progress.  
2 There are no major facilities that are currently idle.

### 3. Planned Addition, Retirement, and Other Changes of Facilities

#### (1) Addition or Other Change of Key Facilities

Since the Group has a wide range of business projects in and outside Japan, the Company discloses planned facility additions and enhancements by the segment in terms of the amount.

The Group plans to make capital expenditures amounting to 51,200 million yen for the next fiscal year ending March 31, 2025 (from April 1, 2024 to March 31, 2025). Please find below the plans by the segment.

(Millions of yen)

Name of segment	Amount of planned expenditures (From April 1, 2024 to March 31, 2025)	Facilities and main investment purpose
Automotive Suspension Springs	8,800	Enhancement and/or renewal of production facilities
Automotive Seats	6,100	Enhancement and/or renewal of production facilities
Precision Springs and Components	8,400	Enhancement and/or renewal of production facilities
DDS	7,400	Enhancement and/or renewal of production facilities
Industrial Machinery and Equipment, etc.	16,300	Enhancement and/or renewal of production facilities
All segments	4,200	Enhancement and/or renewal of R&D facilities
<b>Total</b>	<b>51,200</b>	

- Notes: 1 The Company is going to finance these capital expenditures by allocating its own capital and also by borrowing, among other measures.
- 2 The Company has no plans to retire any of its key facilities, except for those that will be retired for routine facility upgrading.

#### IV. Information About Reporting Company

##### 1. Company's Shares, etc.

###### (1) Total Number of Shares

###### (i) Authorized shares

Class	Total number of authorized shares (Shares)
Common shares	600,000,000
Total	600,000,000

###### (ii) Issued shares

Class	Number of shares issued at the end of the fiscal year under review (March 31, 2024) (Shares)	Number of shares issued as of the filing date (June 26, 2024) (Shares)	Name of the financial instruments exchange on which the Company's shares are listed or the authorized financial instruments firms association to which the Company is a party	Description
Common shares	244,066,144	244,066,144	Tokyo Stock Exchange Prime Market	These shares are the Company's standard shares with full and unlimited voting rights. The number of shares per unit is 100 shares.
Total	244,066,144	244,066,144	–	–

###### (2) Share Acquisition Rights, etc.

###### (i) Employee share option plans

There are no matters to report under this item.

###### (ii) Rights plans

There are no matters to report under this item.

###### (iii) Share acquisition rights for other uses

There are no matters to report under this item.

###### (3) Exercise Status of Bonds with Share Acquisition Rights Containing a Clause for Exercise Price Adjustment

There are no matters to report under this item.

###### (4) Changes in Total Number of Issued Shares, Share Capital and Legal Capital Surplus

Date	Increase (Decrease) in the total number of issued shares (Shares)	Balance of the total number of issued shares (Shares)	Increase (Decrease) in share capital (Millions of yen)	Balance of share capital (Millions of yen)	Increase (Decrease) in legal capital surplus (Millions of yen)	Balance of legal capital surplus (Millions of yen)
October 1, 2003 (Note)	–	244,066,144	–	17,009	352	17,295

Note: The increase is attributed to an exchange of shares with NHK Precision Co., Ltd.

## (5) Shareholding by Shareholder Category

As of March 31, 2024

Classification	Shareholding status (Number of shares per share unit: 100 shares)							Shares less than one unit (Shares)	
	National and local governments	Financial institutions	Financial instruments business operators	Other corporations	Foreign entities		Individuals, etc.		Total
					Non-individuals	Individuals			
Number of shareholders (Persons)	1	44	29	201	248	9	9,401	9,933	–
Number of shares held (Units)	100	916,796	23,865	334,639	738,398	30	425,269	2,439,097	156,444
Percentage of shares held (%)	0.00	37.59	0.98	13.72	30.27	0.00	17.44	100.00	–

Note: The share units under “Individuals, etc.” include 224,086 units of the Company’s 22,408,602 treasury shares, while the shares under “Shares less than one unit” include the remaining two shares.

The number of shares held in effect by the Company as of March 31, 2024 was 22,408,602.



## (6) Major Shareholders

As of March 31, 2024

Name/Designation	Address	Number of shares held (Thousands of shares)	Percentage of shares held to the total number of issued shares (excluding treasury shares) (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	Akasaka 1-8-1, Minato-ku, Tokyo, Japan	22,778	10.28
The Master Trust Bank of Japan, Ltd. as the co-trustee of the retirement benefit trust account of Daido Steel Co., Ltd. entrusted to Mitsubishi UFJ Trust and Banking Corporation	Akasaka 1-8-1, Minato-ku, Tokyo, Japan	22,392	10.10
Sojitz Corporation	Uchisaiwaicho 2-1-1, Chiyoda-ku, Tokyo, Japan	13,199	5.95
NORTHERN TRUST CO. (AVFC) RE SILCHESTER INTERNATIONAL INVESTORS INTERNATIONAL VALUE EQUITY TRUST (Standing proxy: Tokyo Branch, The Hongkong and Shanghai Banking Corporation Limited)	50 BANK STREET CANARY WHARF LONDON E14 5NT, UK (Nihombashi 3-11-1, Chuo-ku, Tokyo, Japan)	9,807	4.42
Custody Bank of Japan, Ltd. as the re-entrusted trustee of the retirement benefit trust account of Kobe Steel Co., Ltd. entrusted to Mizuho Trust & Banking	Harumi 1-8-12, Chuo-ku, Tokyo, Japan	9,504	4.29
Custody Bank of Japan, Ltd. (Trust account)	Harumi 1-8-12, Chuo-ku, Tokyo, Japan	9,240	4.17
Daido Steel Co., Ltd.	Higashisakura 1-1-10, Higashi-ku, Nagoya, Aichi, Japan	8,507	3.84
Custody Bank of Japan, Ltd. as the re-entrusted trustee of the retirement benefit trust account of Mizuho Bank, Ltd. entrusted to Mizuho Trust & Banking Co., Ltd.	Harumi 1-8-12, Chuo-ku, Tokyo, Japan	5,753	2.60
The Bank of Yokohama, Ltd. (Standing proxy: Custody Bank of Japan, Ltd.)	Minatomirai 3-1-1, Nishi-ku, Yokohama, Kanagawa, Japan (Harumi 1-8-12, Chuo-ku, Tokyo, Japan)	5,718	2.58
NORTHERN TRUST CO. (AVFC) RE U.S. TAX EXEMPTED PENSION FUNDS (Standing proxy: Tokyo Branch, The Hongkong and Shanghai Banking Corporation Limited)	50 BANK STREET CANARY WHARF LONDON E14 5NT, UK (Nihombashi 3-11-1, Chuo-ku, Tokyo, Japan)	4,475	2.02
Total	–	111,375	50.25

- Notes: 1 The Company, which has 22,408,602 treasury shares, is nonetheless excluded from this list of major shareholders.
- 2 All the shares held by the above-mentioned trust banks and Custody Bank of Japan are handled under their fiduciary services.
- 3 According to a “Statement of Changes to a Statement of Large-Volume Holdings” that was made available for public inspection on March 5, 2024, Silchester International Investors LLP held, as of March 4, 2024, the Company’s shares as shown below. However, this firm is not included in the list of major shareholders, because the Company was not able to confirm the number of shares claimed to be held in effect by this firm as of March 31, 2024.

Please find below the content of the said “Statement of Changes to a Statement of Large-Volume Holdings.”

Name/Designation	Address	Number of share certificates held (Thousands of shares)	Percentage of share certificates Held (%)
Silchester International Investors LLP	Time & Life Building 5th floor, 1 Bruton Street, London, W1J 6TL, U.K.	22,482	9.21

## (7) Voting Rights

### (i) Issued shares

As of March 31, 2024

Classification	Number of shares (Shares)	Number of voting rights (Units)	Description
Shares without voting rights	–	–	–
Shares with limited voting rights (Treasury shares, etc.)	–	–	–
Shares with limited voting rights (Other)	–	–	–
Shares with full voting rights (Treasury shares, etc.)	(Treasury shares) Common shares 22,408,600	–	These are the Company's standard shares with no limited rights, and 100 shares of them comprise one trading unit.
Shares with full voting rights (Other)	Common shares 221,501,100	2,215,011	Same as above
Shares less than one unit	Common shares 156,444	–	These are the Company's standard shares with no limited rights.
Total number of shares issued	244,066,144	–	–
Total number of voting rights	–	2,215,011	–

- Notes: 1 The "Shares with full voting-rights (Other)" include: 1,200 shares (12 voting rights) held in the name of Japan Securities Depository Center, Inc.; 300 shares (three voting rights) held in the name of NHK Sales Co., Ltd. (which are unregistered shares; these were forgotten to be registered when exchanged with the Company on April 1, 2012); and 196,200 shares (1,962 voting rights) held by Custody Bank of Japan, Ltd. (in a Trust E account) in a Board Benefit Trust set up by the Company for its stock compensation plan for Directors (other than External Directors). The 300 shares (three voting rights) held in the name of NHK Sales Co., Ltd. are not held in effect by the said company.
- 2 The common shares under "Shares less than one unit" include the following shares held by the Company.  
Shares held by the Company: Two shares

### (ii) Treasury shares, etc.

As of March 31, 2024

Shareholder's name or designation	Shareholder's address	Number of shares held in own name (Shares)	Number of shares held in other's name (Shares)	Total number of shares held (Shares)	Percentage of shares held to the total number of issued shares (%)
(Shares held by itself) NHK SPRING CO., LTD.	3-10 Fukuura, Kanazawa-ku, Yokohama, Japan	22,408,600	–	22,408,600	9.18
Total	–	22,408,600	–	22,408,600	9.18

Note: The 196,200 shares held by Custody Bank of Japan, Ltd. (in a Trust E account) as a Board Benefit Trust for the Company's stock compensation plan are not included in the number of treasury shares held by the Company in the table above.

## (8) Share Ownership Plan for Directors (and Other Officers) and Employees

### (i) Overview of the Board Benefit Trust (BBT)

In line with a resolution passed by shareholders at the 102nd General Meeting held on June 28, 2022, the Company introduced a stock compensation plan using a Board Benefit Trust (BBT) (hereafter the "Plan") for Directors (other than External Directors; the same applies hereafter).

The Plan is meant to further clarify the link between remuneration for Directors, the Company's business performance and its stock prices and is meant to thereby align Directors with the Company's shareholders not only in the benefit of share price increases, but also in the risk of share price declines, with a view to boost the commitment of Directors to increase the Company's business performance and corporate value over the medium-to-long term.

Under the Plan, the Company's shares acquired with money sourced from the Company into the trust (hereafter the "Trust") are given to Directors from the Trust in accordance with the Company Rules Governing the Stock Compensation Plan for Directors.

As a general rule, Directors receive such shares when they retire from the Board.

(ii) Total Number of Shares Planned for Acquisition by Directors

During each fiscal year, Directors are given points whose count is determined in consideration of their position and other factors based on the Company Rules Governing the Stock Compensation Plan for Directors. Those points, awarded with an upper limit of 40,000 points per fiscal year, are converted to the Company's common shares at the rate of one share for each point.

The number of the Company's shares acquired into the Trust per fiscal year is capped at 200,000 shares.

(iii) Scope of Persons Eligible to Receive a Beneficiary or Other Interest Attached to the Board Benefit Trust (BBT)

Directors who are eligible are those who retire from the Board and meet the beneficiary requirements as specified in the Company Rules Governing the Stock Compensation Plan for Directors.

## 2. Acquisition and Disposal of Treasury Shares

Class of Shares, etc. Acquisition of common shares as stipulated in Article 155, paragraphs (3) and (7) of the Companies Act

### (1) Acquisition by Resolution of Shareholders meeting

There are no matters to report under this item.

### (2) Acquisition by Resolution of Board of Directors Meeting

Acquisition based on the provisions of Article 156 of the Companies Act as applied by replacing the terms pursuant to the provisions of Article 165, paragraph (3) of the said Act

Classification	Number of shares (Shares)	Total amount (Yen)
Resolution by the Board of Directors Meeting (February 13, 2024) (Acquisition period: February 14, 2024 to February 13, 2025)	12,000,000	18,000,000,000
Treasury shares acquired before the fiscal year under review	–	–
Treasury shares acquired during the fiscal year under review	5,059,100	7,354,323,307
Total number and amount of treasury shares yet to be acquired	6,940,900	10,645,676,693
Percentage of treasury shares yet to be acquired as of the end of the fiscal year under review (%)	57.8	59.1
Treasury shares acquired during the period from April 1, 2024 to the filing date of this Annual Securities Report	6,639,300	10,645,581,130
Percentage of treasury shares yet to be acquired as of the filing date (%)	2.5	0.0

Note: The acquisition of treasury shares by the resolution of the Board of Directors meeting was completed on May 20, 2024.

### (3) Acquisition not Based on Resolution of Shareholders Meeting or Board of Directors Meeting

Classification	Number of shares (Shares)	Total amount (Yen)
Treasury shares acquired during the fiscal year under review	813	909,579
Treasury shares acquired during the period from April 1, 2024 to the filing date of this Annual Securities Report	326	508,815

Note: The “Treasury shares acquired during the period from April 1, 2024 to the filing date of this Annual Securities Report” do not include the shares less than one unit that were acquired through purchase during the period from June 1, 2024 to the filing date of the Report.

### (4) Disposal of Treasury Shares and Number of Treasury Shares Held

Classification	Fiscal year under review		Period from April 1, 2024 to the filing date of this Annual Securities Report	
	Number of shares (Shares)	Total amount disposed (Yen)	Number of shares (Shares)	Total amount disposed (Yen)
Acquired treasury shares for which subscribers were solicited	–	–	–	–
Acquired treasury shares that were cancelled	–	–	–	–
Acquired treasury shares that were transferred due to merger, stock exchange, partial share exchange, or company split	–	–	–	–
Other (Sales due to demand from holders of shares less than one unit)	–	–	–	–
Number of treasury shares held	22,408,602	–	29,048,228	–

Notes: 1 The treasury shares disposed during the period from April 1, 2024 to the filing date of this Annual Securities Report do not include shares sold to the holders of shares less than one unit during the period from June 1, 2024 to the filing date of the Report.

- 2 The number of treasury shares held during the period from April 1, 2024 to the filing date of this Annual Securities Report does not include shares purchased from or sold to the holders of shares less than one unit during the period from June 1, 2024 to the filing date of the Report.
- 3 Neither of the number of treasury shares in the fiscal year under review nor the number of treasury shares during the period from April 1, 2024 to the filing date of this Annual Securities Report includes the 196,250 treasury shares held as assets in the Board Benefit Trust (BBT).

### 3. Dividend Policy

In principle, the Company pays dividends of surplus twice a year, an interim dividend and a year-end dividend. Decisions on interim dividends are taken by the Board of Directors, while those on year-end dividends are taken by shareholders at a General Meeting.

Basically, the Company pays dividends in a constant and continuous manner with a view to establish long-term business infrastructure, taking into consideration its consolidated business performance, dividend payout ratio, and other factors comprehensively.

The Company decided on the year-end dividend for the fiscal year under review to be 25 yen, an increase of eight yen per share compared with the previous fiscal year. With the interim dividend being 17 yen, the dividend per share for the fiscal year under review is 42 yen.

The Company keeps cash reserves to be prepared for future funding needs necessary for continuous growth from a long-term perspective, while making efforts to improve the quality of its business and management.

The Company's Articles of Incorporation stipulate that the Company may pay interim dividends as provided in Article 454, paragraph (5) of the Companies Act.

Note: Please find below the dividends of surplus whose record date falls in the fiscal year under review.

Date of resolution	Total dividends (Millions of yen)	Dividends per share (Yen)
Resolution by the Board of Directors at a Board meeting on November 13, 2023	3,854	17
Resolution by Shareholders at a General Meeting on June 25, 2024	5,541	25

#### 4. Corporate Governance

##### (1) Overview of Corporate Governance

###### (i) Basic Stance on Corporate Governance

The Company is seeking to maintain sound management and increase corporate value over the medium-to-long term by developing management structures and mechanisms and implementing necessary measures.

In order to achieve that, the Company has in place the following five basic policies.

1. We ensure the rights and equality of our shareholders and strive to create an environment in which they can exercise their rights appropriately.
2. We work to sustain a good relationship by fulfilling our responsibility as a company to stakeholders, such as our shareholders, customers, business partners, local communities, and employees.
3. We appropriately conduct disclosure based on the law while also independently striving to provide information other than that required by law.
4. The Board of Directors will intensively deliberate on agenda items, determine the supreme management policy, and supervise business management trends based on each member's knowledge and experience underpinned by a thorough understanding of the business. In addition, the Board will actively discuss management issues derived from the agenda items in order to fulfill its appropriate roles and responsibilities.
5. We will endeavor to engage in constructive dialog with shareholders, and strive to disseminate and share information by providing feedback to management and members of the Board on the opinions and other information collected through such dialog.

###### (ii) Overview of Corporate Governance System and Reasons for Adopting the System

###### (a) Overview of Corporate Governance System

(The Board of Directors)

The Company's Board of Directors is comprised of Directors who have expertise in their respective career backgrounds, including sales, engineering and finance. Their seasoned knowledge and work experiences have enabled them to supervise the running of the Company through focused deliberation on matters submitted to the Board and spontaneous discussion on related management issues.

Furthermore, four External Directors are appointed to the Board of Directors, a measure to ensure the rationality of decisions taken by the Company's management and the validity of supervision over it.

The Board of Directors meets once a month as a rule, and there the Board decides on matters stipulated in laws, regulations and the Articles of Incorporation and on other matters of importance regarding the management of the Company and the Group. At Board meetings, the Board also receives job reports from Directors and Corporate Offices on a periodic basis and thereby supervise their execution of duties. Authority over matters concerning the administration of business operations is delegated to the Management Committee.

Authority over daily business operations is delegated to the Corporate Officer assigned to supervise the division in charge of the operation concerned.

Thirteen (13) Board meetings were held during the fiscal year ended March 31, 2024. Please find below the record of attendance by Directors.

Name	Number of meetings attended
Takashi Kayamoto	13
Toru Sugiyama	3
Kazuhisa Uemura	13
Kiyohiko Kammei	13
Hidefumi Yoshimura	13
Shunsuke Sasaki	10
Keiichiro Sue	13
Katsuko Tanaka	13
Hiromi Tamakoshi	13

(The (Optional) Nomination and Compensation Committee)

The Company has the optional Nomination and Compensation Committee to strengthen the independence and objectivity of Board decisions concerning the nomination of and remuneration for Directors and the planning of successors to Directors. Being a body with consultative functions, the Nomination and Compensation Committee, whose majority members are independent external directors, provides the Board of Directors with advice on the selection of Board candidates and matters concerning remuneration for Directors. The Committee meets, as a rule, twice or three times a year. Three meetings were held during the fiscal year ended March 31, 2024. Please find below the record of attendance by the members of the Committee.

Name	Number of meetings attended
Takashi Kayamoto	3
Kazuhisa Uemura	3
Keiichiro Sue	3
Katsuko Tanaka	3
Hiromi Tamakoshi	3

(Business Execution System)

The Company's business operations are conducted under a corporate officer system.

Corporate Officers, who run and administer operations at their business unit in charge, execute their duties in line with the authority conferred by the Board of Directors.

The Management Committee is the highest decision-making body at the operational level and is comprised of full-time Directors, Executive Corporate Officers and other Corporate Officers in a higher-ranking position, and Senior Corporate Officers who double the President of a division. The Committee deliberates on matters of importance regarding business operations from Company-wide and across-Group perspectives.

(Audit System)

The Company is a company with an Audit & Supervisory Board. As described in "(3) Audits, (i) Audits by Audit & Supervisory Board Members," the Company ensures the implementation of a support system for thoroughly encouraging the monitoring by the Audit & Supervisory Board over management and takes all measures needed to strengthen the functions of the Audit & Supervisory Board, with such measures including the appointment of external individuals highly independent from the Company and personnel with expertise in finance and accounting as Audit & Supervisor Board Members.

Please find below the members of the afore-mentioned bodies. (Those marked with ⊙ serve as the chairpersons or chairs.)

Title	Name	Board of Directors	Management Committee	Audit & Supervisory Board	Nomination and Compensation Committee
Representative Member of the Board and Chairman	Takashi Kayamoto	⊙	○		⊙
Representative Member of the Board, President and Corporate Officer	Kazuhisa Uemura	○	⊙		○
Representative Member of the Board, Executive Vice President and Corporate Officer	Kiyohiko Kammei	○	○		
Representative Member of the Board, Executive Vice President and Corporate Officer	Hidefumi Yoshimura	○	○		
Member of the Board and Senior Corporate Officer	Shunsuke Sasaki	○	○		
Member of the Board (External)	Keiichiro Sue	○			○
Member of the Board (External)	Katsuko Tanaka	○			○
Member of the Board (External)	Hiromi Tamakoshi	○			○
Member of the Board (External)	Reiko Furukawa	○			○
Audit & Supervisory Board Member (Full-time)	Masakazu Toyoda		○	⊙	
Audit & Supervisory Board Member (Full-time)	Naoya Mizutani		○	○	
Audit & Supervisory Board Member (External)	Ichiro Ebihara			○	
Audit & Supervisory Board Member (External)	Yuko Yamada			○	
Executive Corporate Officer	Toshinori Saeki		○		
Executive Corporate Officer	Noritoshi Takamura		○		
Executive Corporate Officer	Masayuki Horie		○		
Executive Corporate Officer	Jun Umeno		○		
Senior Corporate Officer	Toshihiro Tachikawa		○		
Senior Corporate Officer	Osamu Ikejiri		○		
Senior Corporate Officer	Masayoshi Yamaguchi		○		
Senior Corporate Officer	Noriyuki Saito		○		

Note: Reiko Furukawa is scheduled to join the Nomination and Compensation Committee on July 1, 2024.

(b) Reasons for Adopting the Said System

As described in “(a) Overview of Corporate Governance System,” the Company distinguishes the roles of the Board of Directors, which is accountable for management and supervision, from those of Corporate Officers, who are put in charge of the execution of business operations. This has enabled the Board of Directors to focus on deliberation and decision-making regarding management matters of importance and has also enabled the Board to supervise duties executed by Corporate Officers, thereby allowing the Company to maintain and improve its management efficiency as well as seek to increase its corporate value continually in the medium- and long-term.



Furthermore, the Company appoints External Directors in order to receive well-informed advice on management policies and improvement approaches as well as seek their proactive involvement in critical decision-making by the Board of Directors.

The responsibility of auditing the Company's management rests with the Audit & Supervisory Board, which is independent from the Board of Directors.

Moreover, as is described in "(a) Overview of Corporate Governance System," a support system is in place to thoroughly encourage Audit & Supervisory Board Members to monitor the Company's management, in addition to all other necessary measures aimed at strengthening the functions of the Audit & Supervisory Board, which include the appointment of external individuals highly independent from the Company and the selection of personnel with expertise in finance and accounting as Audit & Supervisory Board Members.

For the reasons mentioned above, the Company believes that its current corporate governance system is duly effective.

(iii) Other Matters Regarding Corporate Governance

Basic Policy for Internal Control Systems

(System for Ensuring Compliance of Duties Executed by Directors and Employees with Laws, Regulations and Articles of Incorporation)

Apart from setting forth in the "Employees Code of Conduct" that all Directors and employees shall comply with laws, regulations and corporate ethics, the Company built a corporate compliance structure and has since promoted corporate compliance under this structure, in which the Representative Member of the Board & President acts as the chief compliance officer, the Director of the Legal Department of the Corporate Planning and Control Division as the promotion officer, the heads of departments as the education officers, and the Legal Department of the Corporate Planning and Control Division as the promotion secretariat.

In addition, the Company is conducting educational and awareness-raising activities in a methodical manner to prevent violation of law or antisocial behavior.

Furthermore, a compliance hotline is set up at a contact point operated by an external third-party organization, thereby facilitating employees of the Company and its domestic Group companies to blow a whistle.

The Internal Auditing Department has performed its internal audits according to a predetermined plan at both the Company and its Group companies to ensure their operational effectiveness and efficiency, compliance with laws and regulations, and the reliability of their financial reporting.

(System for Exclusion of Antisocial Forces)

The Company takes a stance of never having an association with organized crime groups or any other antisocial forces and is determined to take a firm stance against such antisocial forces and not to permit any employee or team or department to personally handle illegal or unjust demands from such forces. Apart from stipulating the stance and determination in the "Employees Code of Conduct" mentioned in the preceding item, the Company is educating employees and raising their awareness about this matter.

(System Regarding Information Storage and Management Related to Duties Executed by Directors)

At the Company, the following documents and information pertaining to duties executed by Directors are stored and handled in accordance with the Company Rules Governing the Board of Directors and the Company Rules Governing the Management of Documents, among other rules.

- Minutes of General Meetings of Shareholders and related materials
- Minutes of Board of Directors meetings and related materials
- Minutes of Management Committee meetings, those of Expanded Management Committee meetings and related materials

- *Ringi-sho* (written requests for approval) and related materials
- Minutes of committee and council meetings and related materials
- All other documents pertaining to duties executed by Directors

The Company is seeking to thoroughly protect information in accordance with the NHK Spring Group Information Security and Management Policy (established in December 2003), the Company Rules Governing the Handling of Sensitive Information and Information Management Manual, among other rules.

(Internal Rules and Other System for Managing the Risk of Loss)

The Company has the Sustainability Promotion Committee, which is a cross-sectional body tasked with identifying risk events inherent in the business activities of the Company and its Group companies (such as the risk of any of the companies being held responsible for a fault; financial risk; the risk of an employee being involved in a fraudulent act, misconduct, natural disaster, or accident; and crimes and accident overseas) and setting out countermeasures against such identified risk events in the Business Continuity Plan, company rules, and the Risk Management Manual. The Company is also conducting educational and awareness-raising campaigns as a preventive measure against such risk events. All risk events, whenever they emerged, have been promptly worked out by the department in charge together with all other related departments. If the Company or its Group company is exposed to a material risk event, the Company will immediately launch a task force to address the problem and, once the problem is worked out, the Sustainability Promotion Committee will lead the effort to prevent it from recurring. Moreover, the Company has a system to preliminarily and exhaustively review important investment, capital injection, finance loan, or debt guarantee projects through the Investment and Loan Committee.

(System for Ensuring Efficiency in Duties Executed by Directors)

The Company and part of its Group companies introduced and have since been using a business management system designed to assist Directors in deploying key measures, checking the progress thereof and making revisions thereto.

Furthermore, a corporate officer system is employed by the Company and part of its Group companies to separate management and business execution for the purpose of speeding up the process of decision-making and the execution of operations. The Company is also proactively working on better use of information technologies to raise the efficiency and enhance information security.

(System for Ensuring Proper Business Operations by the Group Made up of the Company and its Subsidiaries)

The Company is sending out its Directors and Audit & Supervisory Board Members to its Group companies in order to get the picture of how the Group companies are being run and to thereby enable the Company to take action and prevent if a Group company is about to get involved in any illegal or unlawful transaction. Moreover, the Company is monitoring management at its Group companies by requiring them to seek prior approval of important matters regarding business plans and operations from the Company and report the development of such matters to the Company. Meanwhile, the Company provides support for its Group companies whenever a necessity arises. Furthermore, internal audits on the Group companies are systematically performed by the Company's Internal Auditing Department for the purpose of ensuring the effectiveness and efficiency of their business operations and their compliance with laws and regulations among other rules and the reliability of their financial reporting.

(System for Ensuring Reliability of Financial Reporting)

The Group's internal controls over financial reporting are evaluated, maintained, or improved in accordance with the Financial Instruments and Exchange Act and its related regulations and standards.

(System, If Applicable, Concerning Staff Assigned to Assist Audit & Supervisory Board Members at their Request)

Whenever an Audit & Supervisory Board Member requests for assisting staff, the Company has a discussion about the number of the staff and their assignments and independence among other things with the Audit & Supervisory Board Member before making a move. The Company's rule is that whenever the Company's employees are assigned to concurrently act as assistants to an Audit & Supervisory Board Member, the employees must give priority to the assignment under the Audit & Supervisory Board Member over the other one at the department to which they are originally assigned.

(System for Ensuring Proper Reporting from Directors and Employees to Audit & Supervisory Board Members and Other Systems for Getting Audit & Supervisory Board Members Properly Reported)

Audit & Supervisory Board Members attend the Board of Directors meetings and the Management Committee meetings held at the Company and its Group companies so they are reported with no delay on statutory matters or other important matters that could impact management and business performance. Moreover, the Company has in place a system for protecting those who make a report to an Audit & Supervisory Board Member from receiving detrimental treatment because of the reporting. The Company's departments timely report the following matters to the Audit & Supervisory Board:

- Results of an internal audit performed by the Internal Auditing Department
- Contents of a lawsuit if any
- Contents of a whistle-blowing report if any
- An on-going issue related to corporate compliance, business continuity planning, etc.

(System for Ensuring Effectiveness of Audits by Audit & Supervisory Board Members)

Audit & Supervisory Board Members gain information and opinions from the representative members of the Board of the Company and those of its Group companies, the accounting auditor, and the members of the Internal Auditing Department on both periodic and as-needed bases to ensure the effectiveness of corporate audits.

(iv) Overview of Limited Liability Agreements

Pursuant to the provisions of Article 427, paragraph (1) of the Companies Act, the Company has a contract with External Directors and External Audit & Supervisory Board Members to limit their liability for damages under Article 423, paragraph (1) of the said Act, with the limit of liability pertaining to the contract set at the amount equivalent to the amount of remuneration for their services and other duties that has or will have been paid for two years.

(v) Overview of Director and Officer Liability Insurance Policy

The Company is under a Director and Officer Liability Insurance Policy as provided in Article 430-3, paragraph (1) of the Companies Act with an insurance company. If the Company is sued by a shareholder or other third party over a damage claim, this insurance policy will cover compensation for the damage, litigation cost, and other costs that will otherwise be incurred by the Company. The full amount of the policy premium is borne by the Company, with no practical burden on any of the Directors and other officers, employees and corporate advisors who are insured by the policy.

Please find below the insured of the said insurance policy:

- The Company and its domestic subsidiaries
- The Company's Directors and other officers, those of the Company's domestic subsidiaries, and the employees both thereof (including those who are loaned to or from a Group company and those who have a concurrent post at a Group company)

- Directors and other officers, employees and corporate advisors who concurrently serve as a director or other officer at an affiliated company inside or outside Japan, a corporate entity other than the Group companies inside or outside Japan, or a public interest incorporated foundation and those who are loaned thereto as a director or other officer thereof.

(vi) Maximum Number of Directors

The Company's Articles of Incorporation stipulate that the maximum number of Directors is 12.

(vii) Treasury Shares

Pursuant to Article 165, paragraph (2) of the Companies Act, the Company's Articles of Incorporation stipulate that the Company may acquire its own shares through market transactions, etc., in accordance with a resolution by the Board of Directors at a Board meeting, thereby enabling the Company to promptly implement financial and other business measures in response to a change in economic circumstances.

(viii) Decision-Maker for Interim Dividends

The Company's Articles of Incorporation stipulate that the Company may pay interim dividends to shareholders or registered pledgees of shares on the final list of shareholders as of September 30 each year in accordance with a resolution by the Board of Directors at a Board meeting.

This provision is aimed at giving flexibility to the Company's payment of profits to shareholders.

(ix) Requirements for Special Resolutions by Shareholders at General Meetings

For the purpose of smoothly running a General Meeting of Shareholders, the Company's Articles of Incorporation stipulate that the Company may pass a resolution at a General Meeting of Shareholders as provided in Article 309, paragraph (2) of the Companies Act if the meeting is attended by one-third or higher of shareholders entitled to exercise voting rights and also if the resolution wins two-thirds or higher of the vote.

(x) Requirements for Passing Resolutions on Appointment of Directors

The Company's Articles of Incorporation stipulate that the Company may pass a resolution on the appointment of Directors at a General Meeting of Shareholders if the meeting is attended by one-third or higher of shareholders entitled to exercise voting rights and also if the resolution wins a majority of the vote and that such resolutions shall not be sought with cumulative voting.

(xi) Basic Policy on Control over the Company

The Company has no basic policy regarding this matter.

Since the Company believes that its task of the highest priority is to fulfill its medium-term management plan while enhancing corporate governance and thereby increase its corporate value through continual business growth and thereby get a resultant market appreciation, the Company has no plan to introduce a takeover defense measure.

## (2) Directors and Other Officers

## (i) List of Directors and other officers

Nine men and four women (Percentage of women to all Directors and other officers: 30.8%)

Title	Name	Date of birth	Career summary	Term	Number of shares held (Thousands of shares)	
Representative Member of the Board and Chairman	Takashi Kayamoto	February 5, 1956	Apr. 1979 June 2010 Apr. 2013 June 2015 Apr. 2016 Apr. 2017 Apr. 2024	Joined the Company Corporate Officer Senior Corporate Officer Member of the Board and Senior Corporate Officer Member of the Board and Executive Corporate Officer Representative Member of the Board, President and Corporate Officer Representative Member of the Board and Chairman (present)	(Note 3)	81
Representative Member of the Board, President and Corporate Officer	Kazuhisa Uemura	July 24, 1960	Apr. 1983 Apr. 2014 Apr. 2018 June 2018 Apr. 2022 Apr. 2024	Joined the Company Corporate Officer Senior Corporate Officer Member of the Board and Senior Corporate Officer Member of the Board and Executive Corporate Officer Representative Member of the Board, President and Corporate Officer (present)	(Note 3)	20
Representative Member of the Board, Executive Vice President and Corporate Officer	Kiyohiko Kammei	June 10, 1957	Apr. 1980 June 2011 Apr. 2015 Apr. 2018 June 2019 Apr. 2020	Joined the Company Corporate Officer Senior Corporate Officer Executive Corporate Officer Member of the Board and Executive Corporate Officer Director of Takano Co., Ltd. (non-executive) Representative Member of the Board, Executive Vice President and Corporate Officer (present)	(Note 3)	18
Representative Member of the Board, Executive Vice President, Corporate Officer and President of Procurement Division	Hidefumi Yoshimura	May 4, 1958	Apr. 1981 Apr. 2014 Apr. 2017 Apr. 2021 June 2021 Apr. 2023 June 2023	Joined the Company Corporate Officer Senior Corporate Officer Executive Corporate Officer Member of the Board and Executive Corporate Officer Representative Member of the Board, Executive Vice President and Corporate Officer (present) Director of Takano Co., Ltd. (non-executive) (present)	(Note 3)	4
Member of the Board, Senior Corporate Officer and President of Sales Division	Shunsuke Sasaki	October 2, 1964	Apr. 1987 Apr. 2018 Apr. 2022 June 2023	Joined the Company Corporate Officer Senior Corporate Officer Member of the Board and Senior Corporate Officer (present)	(Note 3)	5

Title	Name	Date of birth		Career summary	Term	Number of shares held (Thousands of shares)
Member of the Board	Keiichiro Sue	July 27, 1957	Apr. 1984 Jan. 1989 Oct. 1995 June 2003 June 2009 June 2012 June 2014 June 2015	Registered as Attorney at Law (a member of Dai-ichi Tokyo Bar Association) Joined the Nobuo Takai Law Firm Joined Matsuo & Kosugi Registered as Attorney at Law in New York State, USA Audit & Supervisory Board Member (External) of NIPPON SIGNAL CO., LTD. Partner of Blakemore & Mitsuki (present) Audit & Supervisory Board Member (External) of Fujitelecom. co., Ltd. (present) External Director of METAWATER Co., Ltd. Audit & Supervisory Board Member of the Company Member of the Board of the Company (present)	(Note 3)	—
Member of the Board	Katsuko Tanaka	September 3, 1945	Apr. 1970 Jul. 1970 May 1976 May 1998 Apr. 2000 Apr. 2004 Apr. 2006 Apr. 2013 June 2016	The Medical School of Okayama University Researcher of the Hygiene Class (Served a hospital in the city of Okayama) Medical license registration (No. 207731) Joined the Yokohama municipal government Mayor of Sakae Ward in the city of Yokohama Director General of Social Welfare Bureau of the Yokohama municipal government Director General of Civic Affairs Bureau of the Yokohama municipal government Trustee and Secretary General of Yokohama City University Chancellor of Yokohama City University Member of the Board of the Company (present)	(Note 3)	—
Member of the Board	Hiromi Tamakoshi	June 18, 1962	Oct. 1987 Apr. 1999 Apr. 2017 June 2020 Apr. 2021	Joined Chuo Audit Corporation Registered as Attorney at Law (Kanagawa Bar Association) Joined Ryoji Kimura Law Office Auditor of Yokohama City University Member of the Board of the Company (present) Established Yokohama Nagomi Law Office (present)	(Note 3)	—

Title	Name	Date of birth		Career summary	Term	Number of shares held (Thousands of shares)
Member of the Board	Reiko Furukawa	February 12, 1959	Apr. 1981 Apr. 2005 Apr. 2007 Apr. 2009 Apr. 2011 Apr. 2014 Jul. 2017 June 2022 June 2024	Joined Nippon Univac Kaisha, Ltd. (currently BIPROGY Inc.) General Manager of Service Department of Mechanical Solutions Division of Nihon Unisys Excelutions, Ltd. (currently UEL Corporation) General Manager of Industry Development Department of Nihon Unisys Excelutions, Ltd. Executive Officer of Nihon Unisys Excelutions, Ltd. General Manager of Outsourcing Planning Department of the MBK Outsourcing Center of UNIADEX, Ltd. General Manager of Quality Assurance Department of UNIADEX, Ltd. Full-time Audit & Supervisory Board Member of UNIADEX, Ltd. Outside Director of Hanwa Co., Ltd. (present) Audit & Supervisory Board Member of the Company Member of the Board of the Company (present)	(Note 3)	—
Audit & Supervisory Board Member (Full-time)	Masakazu Toyoda	February 27, 1960	Apr. 1982 Jan. 2013 Apr. 2013 May 2017 June 2019	Joined Dai-Ichi Kangyo Bank (currently Mizuho Bank) Joined the Company Member of the Board and Vice President of NHK International Corporation Senior Manager of Corporate Planning Department of Corporate Planning and Control Division of the Company Full-time Audit & Supervisory Board Member (present)	(Note 4)	9
Audit & Supervisory Board Member (Full-time)	Naoya Mizutani	March 29, 1965	Sept. 1990 Apr. 2012 Apr. 2014 Apr. 2018 June 2024	Joined the Company Senior Manager of Accounting Department Senior Manager of Corporate Planning Department of Corporate Planning and Control Division Director of Internal Auditing Department Full-time Audit & Supervisory Board Member (present)	(Note 5)	—

Title	Name	Date of birth	Career summary		Term	Number of shares held (Thousands of shares)
Audit & Supervisory Board Member	Ichiro Ebihara	April 24, 1959	Sept. 1985	Joined Tohmatsu Aoki & Co. (currently Deloitte Touche Tohmatsu LLC)	(Note 5)	-
			Apr. 1989	Registered as Certified Public Accountant		
			Jul. 2000	Partner of Tohmatsu & Co.		
			Oct. 2013	Executive Officer in charge of finance and administration of Deloitte Touche Tohmatsu LLC		
			Nov. 2015	Group CFO of Deloitte Tohmatsu LLC		
			Aug. 2016	Managing Partner of Deloitte Tohmatsu Services Co., Ltd.		
			June 2019	Representative of Ichiro Ebihara Certified Public Tax Accountant Office (present)		
			June 2020	Audit & Supervisory Board Member of the Company (present)		
Audit & Supervisory Board Member	Yuko Yamada	January 16, 1961	Jul. 1983	Joined Marubeni Corporation	(Note 5)	-
			Apr. 1988	Seconded to Marubeni UK plc		
			Apr. 1995	Seconded to Marubeni America Corporation		
			Oct. 1999	Seconded to Koyo Line, Ltd. (currently MMSL Japan Ltd.)		
			Apr. 2005	General Manager of Finance & Accounting Department of Koyo Line, Ltd.		
			Nov. 2006	Chief Auditor of the Audit Department of Marubeni Corporation		
			Apr. 2019	Auditor of Marubeni Pulp & Paper Co., Ltd. (currently Marubeni Forest LinX Co., Ltd.)		
			June 2024	Audit & Supervisory Board Member of the Company (present)		
Total						139

- Notes:
- 1 Keiichiro Sue, Katsuko Tanaka, Hiromi Tamakoshi and Reiko Furukawa are External Directors.
  - 2 Ichiro Ebihara and Yuko Yamada are External Audit & Supervisory Board Members.
  - 3 The term of office for the Director commenced upon the conclusion of the General Meeting of Shareholders for the fiscal year ended March 31, 2024 and will expire upon the conclusion of the General Meeting of Shareholders for the fiscal year ending March 31, 2025.
  - 4 The term of office for the Audit & Supervisory Board Member commenced upon the conclusion of the General Meeting of Shareholders for the fiscal year ended March 31, 2023 and will expire upon the conclusion of the General Meeting of Shareholders for the fiscal year ending March 31, 2027.
  - 5 The term of office for the Audit & Supervisory Board Member commenced upon the conclusion of the General Meeting of Shareholders for the fiscal year ended March 31, 2024 and will expire upon the conclusion of the General Meeting of Shareholders for the fiscal year ending March 31, 2028.
  - 6 The Company has a substitute Audit & Supervisory Board Member as set forth in Article 329, paragraph (3) of the Companies Act as a precaution against the case where there is a shortfall in the number of Audit & Supervisory Board Members as prescribed in laws and regulations. Please find below the career summary of the substitute Audit & Supervisory Board Member.



Name	Date of birth	Career summary	Number of shares held (Thousands of shares)
Nobuaki Mukai	April 19, 1969	<p>Apr. 1996 Registered as Attorney at Law (Dai-Ichi Tokyo Bar Association)</p> <p>Joined Momo-o, Matsuo &amp; Namba</p> <p>2001 Registered as Attorney at Law in New York State, USA</p> <p>Jan. 2004 Partner of Momo-o, Matsuo &amp; Namba (present)</p> <p>Apr. 2022 Specially Appointed Professor (Antitrust Law) of the Department of Business Law of the Graduate School of Law of Hitotsubashi University</p> <p>Apr. 2024 Visiting Professor (Antitrust Law) of the Department of Business Law of the Graduate School of Law of Hitotsubashi University (present)</p>	—

(List of Corporate Officers)

Position	Name	Title
Representative Member of the Board, President and Corporate Officer	Kazuhisa Uemura	COO
Representative Member of the Board, Executive Vice President and Corporate Officer	Kiyohiko Kammei	CQO and CTO
Representative Member of the Board, Executive Vice President and Corporate Officer	Hidefumi Yoshimura	CFO and President of Procurement Division
Executive Corporate Officer	Toshinori Saeki	CIO and President of Engineering Division
Executive Corporate Officer	Noritoshi Takamura	President of Precision Spring and Components Division and Officer in charge of Electrification Business Promotion Department
Executive Corporate Officer	Masayuki Horie	President of Industrial Machinery and Equipment Division
Executive Corporate Officer	Jun Umeno	President of Suspension Spring Division
Senior Corporate Officer	Toshihiro Tachikawa	President of R&D Division
Senior Corporate Officer	Morihiro Ichisugi	Officer in charge of new business research at the Corporate Planning and Control Division
Senior Corporate Officer	Osamu Ikejiri	President of the Corporate Planning and Control Division and Director of the Corporate Planning Department
Senior Corporate Officer	Hajime Okajima	Member of the Board and President of NHK Spring Thailand Co., Ltd.
Member of the Board and Senior Corporate Officer	Shunsuke Sasaki	President of the Sales Division
Senior Corporate Officer	Mitsuru Tanaka	Vice President of Corporate Planning and Control Division and Director of Human Resources Department
Senior Corporate Officer	Masayoshi Yamaguchi	President of Seating Division
Senior Corporate Officer	Yoji Ito	Vice President of Engineering Division and Director of Operations Management Consulting Department
Senior Corporate Officer	Seiichi Saito	Vice President of Suspension Spring Division
Senior Corporate Officer	Noriyuki Saito	President of Disk Drive Suspension Division
Corporate Officer	Kazuhisa Rikitoku	Vice President of Sales Division, Director of Suspension Spring & Component Sales Department and Director of Precision Spring & Component Sales Department
Corporate Officer	Yoichi Ikeji	Vice President of Disk Drive Suspension Division and Director of Engineering Department

Position	Name	Title
Corporate Officer	Junichi Miyahara	Vice President of Industrial Machinery and Equipment Division and Director of Quality Assurance Department
Corporate Officer	Tatsuya Saito	Vice President of Industrial Machinery and Equipment Division and Director of IMS Business Promotion Project
Corporate Officer	Nogi Ichikawa	Vice President of Suspension Spring Division and Director of Administration Department
Corporate Officer	Yoshitaka Sasaki	Vice President of Seating Division and Director of Design Department 1
Corporate Officer	Junichi Oka	Member of the Board and President of NHK Seating of America, Inc.
Corporate Officer	Satoru Miyanagi	Member of the Board and President of New Mather Metals, Inc. and Member of the Board and President of NHK of America Suspension Components, Inc.
Corporate Officer	Hideo Ishikawa	Vice President of Corporate Planning and Control Division and Director of Legal Department
Corporate Officer	Shinichi Okada	Member of the Board and Vice President of NHK Spring Thailand Co., Ltd.
Corporate Officer	Tsuyoshi Nakamura	Vice President of Precision Spring and Components Division and Director of Motor Core Project
Corporate Officer	Isamu Ninomiya	Vice President of Sales Division and Director of EV Sales Department
Corporate Officer	Jun Tominaga	Vice President of Engineering Division and Director of Quality Control Department

Note: A corporate officer system is adopted by the Company to give continual stimulus to Board meetings, segregate the process of decision-making by the Board of Directors and its supervision over business operations from the functions of the Company's divisions and departments to execute business operations, and to thereby increase the Company's management efficiency.

(ii) External Directors and Other Officers

The Company has four External Directors and two External Audit & Supervisory Board Members.

(a) Personal, Capital, or Business Relationships or Conflicts of Interest between Reporting Company and its External Directors and External Audit & Supervisory Board Members

There are no human, capital, or business relationships between Keiichiro Sue, an External Director, and the Company, nor are there conflicts of interest between the two.

There are no human, capital, or business relationships between Katsuko Tanaka, an External Director, and the Company, nor are there conflicts of interest between the two.

There are no human, capital, or business relationships between Hiromi Tamakoshi, an External Director, and the Company, nor are there conflicts of interest between the two.

There are no human, capital, or business relationships between Reiko Furukawa, an External Director, and the Company, nor are there conflicts of interest between the two.

There are no human, capital, or business relationships between Ichiro Ebihara, an External Audit & Supervisory Board Member, and the Company, nor are there conflicts of interest between the two.

There are no human, capital, or business relationships between Yuko Yamada, an External Audit & Supervisory Board Member, and the Company, nor are there conflicts of interest between the two.

(b) Functions and Roles of External Directors and External Audit & Supervisory Board Members in Reporting Company's Corporate Governance

The Company appoints external individuals as members of the Board of Directors, which is accountable for running and controlling the Company, to ensure validity in decisions taken by the Company's management and the effectiveness of its supervision over management.

The Company's Audit & Supervisory Board is independent from the Board of Directors and responsible for auditing the management of the Company. With two of the four members being

External Audit & Supervisory Board Members, the Company believes that the current Audit & Supervisory Board is functioning properly in the role of ensuring sound and transparent corporate governance.

(c) Criteria or Policies for Determining Independence from Reporting Company in Appointment of External Directors and External Audit & Supervisory Board Members

In order to ensure the objectivity and transparency of corporate governance, the Company has in place criteria with regard to the independence of external Directors and other officers that are in line with requirements set forth by the Tokyo Stock Exchange.

The Company observes the said criteria when appointing independent external directors or other officers, selecting candidates on the ground that they do not have human, capital, or business relationships of any particular kind with the Company.

(Criteria Regarding Independence of the Company's External Directors and Other Officers)

The Company has in place the following criteria with regard to the independence of external Directors and other officers in order to ensure the objectivity and transparency of its corporate governance.

The Company determines that its external Directors and other officers, or the candidates thereof, have due independence only when an investigation conducted by the Company to the furthest extent reasonably possible finds that they do not fall under any of the items below.

1. A person who executes the business (Note 1) of the Company or of its subsidiary (hereafter collectively the "the Group") or who has executed such business in the last ten years
2. A person whose major client is the Group (Note 2) or a person who executes the business thereof
3. A person who is a major client of the Group (Note 3) or a person who executes the business thereof
4. A person who provides a professional service, such as a consultant, attorney-at-law and certified public accountant, who receives from the Group a large amount of money or other property (Note 4) apart from remuneration for officers paid by the Group (or a person belonging to a corporate body, association, or any other group which receives such money or property from the Group)
5. A person who receives a large amount of donation (Note 5) from the Group (if the person who receives such assets is a corporate body, association, or any other group, a person who executes the business of such group)
6. A person who audits the Company as an employee, etc., of an audit corporation which carries out a statutory audit at the Group
7. A person who executes the business of a financial institution which is a major creditor (Note 6) to the Group.
8. A major shareholder (Note 7) or, if such shareholder is a corporate body, a person who executes the business thereof
9. A person who executes the business of a corporate body of whom the Group is a major shareholder
10. The spouse or a relative within the second degree of kinship of a person falling under any of the afore-mentioned items from 1 to 9 if this person is an important person (Note 8)
11. A person who has been a person falling under any of the afore-mentioned items from 2 to 9 in the last three years

Notes: 1 The "a person who executes the business" means an executive director, executive officer, executive managing officer, or any equivalent thereto, and an employee of a corporate body or any other group.

- 2 The “a person whose major client is the Group” means a person who receives money at an amount accounting for two or higher percent of the Group’s consolidated net sales for the latest fiscal year from the Group.
- 3 The “a person who is a major client of the Group” means a person who pays money at an amount accounting for two or higher percent of the Group’s consolidated net sales for the latest fiscal year to the Group.
- 4 The “a large amount of money or other property” means an amount of value exceeding 10 million yen that is received per year on average during the last three fiscal years including the latest one.
- 5 The “a large amount of donation” means an amount of value exceeding 10 million yen that is provided per year on average during the last three fiscal years including the latest one.
- 6 The “a major creditor” means a lender of money whose loan receivables from the Group exceeds one or higher percent of the Group’s consolidated total amount of assets at the end of the latest fiscal year.
- 7 The “a major shareholder” means a person who directly or indirectly holds voting rights accounting for five or higher percent of all the voting rights.
- 8 The “an important person” means a director (excluding External Directors), Audit & Supervisory Board Member (excluding External Audit & Supervisory Board Members), executive managing officer, or an employee in a senior-level position such as a head of a department or higher.

(d) Reporting Company’s Stance on Appointment of External Directors and External Audit & Supervisory Board Members

The Company has four External Directors and two External Audit & Supervisory Board Members, who were appointed in line with the following:

- They shall be able to offer comprehensive and independent advice on corporate governance and live up to expectations from investors; and
- They shall have a wealth of experience and insights as management executives or specialists and be able to offer appropriate advice and fair supervision from an outsider’s point of view.

(iii) Mutual Coordination between Supervision/Audits by External Audit & Supervisory Members and Audits by Internal Auditing Department, Audit & Supervisory Board Members and Accounting Auditors, and their Relationships with Internal Control Division

The Company’s External Audit & Supervisory Board Members receive detailed explanation about matters on the agendas of key meetings and matters concerning interim audits from full-time Audit & Supervisory Board Members at Audit & Supervisory Board meetings.

The Company arranges meetings for External Audit & Supervisory Board Members to receive explanation about management policies and other matters, thereby facilitating their communication with Directors. Moreover, the Company invites External Audit & Supervisory Board Members to join its on-site inspections at major business sites and thereby receives in-depth and far-reaching opinions from them.

The Company’s full-time Audit & Supervisory Board Members gain and share opinions with the accounting auditor and the Internal Auditing Department on both regular and as-needed bases and share those opinions with External Audit & Supervisory Board Members at Audit & Supervisory Board meetings.

(3) Audits

(i) Audits by Audit & Supervisory Board Members

The Company is a company with an Audit & Supervisory Board. The Company’s Audit & Supervisory Board has four Audit & Supervisory Board Members, including two external members. This Audit & Supervisory Board is aided by a full-time assistant assigned by the Company.

Masakazu Toyoda, a full-time Audit & Supervisory Board Member, has a long career at a financial institution. With deep insight in the finance field and work experiences at a Group company acting as an overseas regional headquarters and in the Corporate Planning Department, he has the due expertise to carry out the duties of an Audit & Supervisory Board Member.

Naoya Mizutani, a full-time Audit & Supervisory Board Member, has many years of working in the Finance Department, the Accounting Department and the Corporate Planning Department. His deep insight in these fields and his experience of heading the Internal Auditing Department make him suitable for the duties of an Audit & Supervisory Board Member.

Ichiro Ebihara, an External Audit & Supervisory Board Member, has many years of carrying out accounting audits. As a certified public accountant with the background of working at a major audit corporation, he has deep expertise in the finance and accounting fields.

Yuko Yamada, an External Audit & Supervisory Board Member, has an experience of acting as a corporate auditor for a business company. She has rich experience and knowledge about business management.

In line with the audit policy and schedule determined by the Audit & Supervisory Board, the members attend key meetings, examine important documents, carry out on-site inspections at major business sites, and conduct one-to-one hearings on important matters from employees and express opinions to Directors and others.

At Audit & Supervisory Board meetings, full-time Audit & Supervisory Board Members provide their outside peers with information about, among other things, major matters on the agendas of key meetings and matters concerning interim audits to ensure the effectiveness of audits by Audit & Supervisory Board Members. Sixteen (16) Audit & Supervisory Board meetings were held in the fiscal year under review. Please find below the record of attendance by the members.

Name	Number of meetings attended
Kenji Shimizu	16
Masakazu Toyoda	16
Ichiro Ebihara	16
Reiko Furukawa	16

- Notes:
1. Shimizu Kenji retired from the post of full-time Audit & Supervisory Board Member upon the conclusion of the General Meeting of Shareholders held on June 25, 2024.
  2. External Audit & Supervisory Member Reiko Furukawa was appointed to the post of Director at the General Meeting of Shareholders held on June 25, 2024.
  3. There is no record of attendance by Naoya Mizutani, a full-time Audit & Supervisory Board Member, and Yuko Yamada, an External Audit & Supervisory Board Member, in the fiscal year under review, as the two were newly appointed at the General Meeting of Shareholders held on June 25, 2024.

## (ii) Internal Audits

Internal audits at the Company are carried out by the Internal Auditing Department, which is independent from any other departments and comprised of a staff of ten.

The Internal Auditing Department carries out audits on business operations and internal control system at the Company's departments and other business sites as well as the Group's major business sites to assess the appropriateness, efficiency and compliance of business operation processes.

The Internal Auditing Department reports a summary of audit results to CFO (a representative member of the Board) and full-time Audit & Supervisory Board Members on a regular basis and explain important audit findings at opinion-sharing sessions with External Directors and Audit & Supervisory Board Members.

The Internal Auditing Department proactively works on coordination with Audit & Supervisory Board Members and the accounting auditor and pays the best effort to closely share opinions with these two throughout the year, making it easier for all these three parties to have timely access to information needed for their respective audits and conduct them properly and thereby helping heighten the quality and efficiency of audits.

Internal controls over financial reporting at applicable business sites are tested and assessed by the Internal Auditing Department every year in coordination with the Accounting Department, the Finance Department and the Information System Department.

(iii) Accounting Audits

(a) Name of Current Audit Corporation

Ernst & Young ShinNihon LLC

The Company has an audit contract with Ernst & Young ShinNihon LLC for accounting audits, which are conducted at the end of each accounting term as well as on an as-needed basis. The Company has provided the audit corporation with all information they need and helped them conduct accurate accounting audits.

(b) Continuous Audit Period

Fifty-five years

(c) Certified Public Accountants Who Executed the Services

Designated Limited Engagement Partner: Kenichi Shibata  
Liability Partner,

Designated Limited Engagement Partner: Masaki Yoshioka  
Liability Partner,

(d) Composition of Assistants for the Audit Services

Certified public accountants: Ten persons

Other: 28 persons

Note: The "Other" included members who passed the CPA examination and those who performed an audit on computer systems.

(e) Policy and Reason for Selecting Current Audit Corporation

(Policy and Reason for Selecting Current Accounting Auditor)

The Company has and will select its accounting auditor based on evaluation by the Audit & Supervisory Board, which performs it by reviewing written documents submitted by audit corporations describing the overview of the audit corporation (including quality control system, independence, etc.), the team they are going to set up for the accounting audits and the estimated audit fees (e.g., "Audit Proposal" and "Outline of the Quality Control System").

Ernst & Young ShinNihon LLC has the essential expertise and independence expected in accounting auditors, apart from the capability to manage the quality of their audits and the capacity to carry them out on the Group's global business activities in a centralized manner. Ernst & Young ShinNihon LLC is a suitable choice also when it comes to the continuity and efficiency of audits, and has hence been appointed as the Company's accounting auditor.

(Policy on Decision about Dismissal or Non-reappointment)

Apart from cases where the dismissal of an accounting auditor by the Audit & Supervisory Board pursuant to Article 340 of the Companies Act applies, the Audit & Supervisory Board approves a proposal for dismissing or not reappointing an accounting auditor if the accounting auditor is deemed unable to perform its audit services properly. If such approval takes place, the Board of Directors submits the proposal for resolution by shareholders at a General Meeting.

(f) Evaluation of Audit Corporation by the Audit & Supervisory Board and its Members

The Audit & Supervisory Board and its members timely assess the independence of the Company's accounting auditor, its quality control, the suitability of its operation structure for audit services, and findings from its accounting audits and judge the appropriateness of the accounting auditor.

Moreover, Audit & Supervisory Board Members sometimes accompany the accounting auditor in its on-site audits at the Company's business sites and ask employees working at those business sites for their opinions about the accounting auditor in order to evaluate the accounting auditor in a comprehensive manner.

(iv) Details about Audit Fees, etc.

(a) Fees Paid to the Certified Public Accountants and Others

(Millions of yen)

Classification	Fiscal year ended March 31, 2023		Fiscal year ended March 31, 2024	
	Fees for audit certification services	Fees for non-audit services	Fees for audit certification services	Fees for non-audit services
Reporting company	93	–	93	–
Consolidated subsidiaries	36	–	36	–
Total	129	–	129	–

(Fiscal year ended March 31, 2023)

There are no matters to report under this item.

(Fiscal year ended March 31, 2024)

There are no matters to report under this item.

(b) Fees Paid to Organization Belonging to the Same Network (Ernst & Young) as Certified Public Accountants and Other Staff Working for Accounting Auditor

(Excluding those mentioned under (a))

(Millions of yen)

Classification	Fiscal year ended March 31, 2023		Fiscal year ended March 31, 2024	
	Fees for audit certification services	Fees for non-audit services	Fees for audit certification services	Fees for non-audit services
Reporting company	–	17	–	20
Consolidated subsidiaries	150	33	180	19
Total	150	51	180	39

(Fiscal year ended March 31, 2023)

Non-audit services for the Company and its consolidated subsidiaries were mainly advisory services concerning transfer price taxation.

(Fiscal year ended March 31, 2024)

Non-audit services for the Company and its consolidated subsidiaries were mainly advisory services concerning transfer price taxation.

Apart from the fees mentioned above, there are fees paid and payable by the Company's non-consolidated subsidiaries. The amount of fees for audit certification services and those for non-audit services paid by the Company and its consolidated and non-consolidated subsidiaries to the organization belonging to the same network as the accounting auditor's certified public accountants and other staff during the fiscal year under review was 198 million yen and 44 million yen, respectively.

(c) Fees for Other Important Audit Certification Services

There are no matters to report under this item.

(d) Policy on Decision about Audit Fees

The Company goes through a negotiation with the certified public accountants and other staff who provide services for the Company before determining fees for them. Prior to such negotiation, the Company examines and validates the estimate submitted by them with regard to “the items of audit, methods, number of staff, time to be spent, and standard unit price for accounting auditors” by considering it in light of their performance in the previous fiscal year.

(e) Reason Why the Audit & Supervisory Board Agreed with Audit Fees for Accounting Auditor

The Advisory & Supervisory Board ascertained that the fees were properly evaluated by the Company in line with its policy on decision about audit fees and determined that the amount of the fees was justifiable in light of the contents of the proposed audit services and the appropriateness of these contents.

(4) Remuneration for Directors and Other Officers

(a) Matters Concerning Policy on Decision about Amount of Remuneration for Directors and Other Officers or Decision about Calculation Method Concerned

As a rule, the Company sets remuneration for Directors at a level that is appropriately proportional to the job responsibilities involved in the position they are assigned to. To be more specific, remuneration for internal Directors consists of a fixed base salary, a performance-linked bonus and a non-monetary reward, while that for External Directors consists of a base salary only.

The base salaries are regularly paid on a monthly basis at an amount according to the job responsibilities of each position. The performance-linked bonuses are cash remuneration aimed at strengthening the commitment to raising business performance from one fiscal year to another. The amounts are calculated based on the level of the consolidated ordinary profit for the fiscal year under review and the increase or decrease of the said profit from the previous fiscal year. Performance-linked remuneration is paid at a fixed time each year.

The non-monetary rewards serve as an incentive to improve the Company’s medium- to long-term performance and increase its corporate value and are given in the form of shares held by the Company in its Board Benefit Trust. Directors are awarded with points according to their position at a certain time every year and receive the Company’s shares when they retire from the Board. The number of shares depends on the number of points earned during the term of office.

The proportions of the base salary, performance-linked bonus and non-monetary reward are set properly in view of sharing interests with the Company’s shareholders and in light of continual growth of its corporate value.

Decision about the amount of remuneration for Directors on an individual basis is delegated, in accordance with resolution by the Board of Directors at a Board meeting, to the representative members of the Board, who make such decision based on a proposal from the Nomination and Compensation Committee.

The said policy was resolved by the Board of Directors at a Board meeting held on June 25, 2024.

When deciding on the amount of remuneration for Directors per individual, the representative members of the Board make sure that the amount they discuss is calculated in line with the aforementioned policy and that the amount is deliberated by the Nomination and Compensation Committee. Thus the Board of Directors believes that the individual amounts of remuneration for Directors have been determined in accordance with the aforementioned policy.

As for such decision in the fiscal year under review, the delegation of the authority to the three-party council of Takashi Kayamoto (President & CEO and Representative Member of the Board, Corporate Officer), Kiyohiko Kammei (Executive Vice President & CQO/CTO and Representative Member of the Board, Corporate Officer) and Hidefumi Yoshimura (Executive Vice President & CFO and Representative Member of the Board, Corporate Officer, President of Procurement Division) was resolved by the Board of Directors at a Board meeting held on June 28, 2023. The delegated authority concerned the base salary and bonus per Director, and the authority was delegated because the Board of Directors determined that the council of the representative members



of the Board would be suitably capable of determining the amounts in light of the Company's overall business performance and each Director's job performance. The validity of the remuneration amounts was examined by the Nomination and Compensation Committee ahead of the council by the representative members of the Board.

Remuneration for the Company's Audit & Supervisory Board Members is paid as a fixed salary at an amount within the total limit resolved by shareholders at a General Meeting. The distribution of remuneration among Audit & Supervisory Board Members is determined through a council of the Audit & Supervisory Board.

The upper limit of annual remuneration for Directors is set at 600 million yen (and 100 million yen for External Directors) in accordance with a resolution passed at the 104th General Meeting of Shareholders held on June 25, 2024. As of the conclusion of the said General Meeting of Shareholders, the Board of Directors had nine members (including four External Directors). The upper limit of remuneration for Audit & Supervisory Board Members is set at 120 million yen in accordance with a resolution passed at the 104th General Meeting of Shareholders held on June 25, 2024. As of the conclusion of the said General Meeting of Shareholders, the Audit & Supervisory Board had four members (including two External Audit & Supervisory Board Members).

Furthermore, as a source of remuneration separate from the afore-mentioned ones, the Company introduced a stock compensation plan (Board Benefit Trust, BBT) for Directors (excluding External Directors) in accordance with a resolution by shareholders at the 102nd General Meeting held on June 28, 2022. Under the BBT plan, points are given to Directors every fiscal year, with the count of points varying according to the position and other factors based on the Company Rules Governing the Stock Compensation Plan for Directors. The maximum points that can be awarded to Directors per fiscal year is capped at 40,000 points. Points are converted to the Company's common shares at the rate of one share for each point when the Directors receive the stock compensation. As of the conclusion of the General Meeting of Shareholders concerned, the Board of Directors had five members (excluding External Directors).

The Company uses its consolidated ordinary profit, which it believes properly reflects the Group's business performance, as a reference for decision about performance-linked remuneration, making the amount of the remuneration increase or decrease in tandem with a change in the profit. More specifically, the bonus for Directors depends on two metrics, one the level of the consolidated ordinary profit for the fiscal year under review and the other a change in the profit from the previous fiscal year.

(b) Total Amount of Remuneration by Reporting Company's Category of Directors and Other Officers, Total Amount of Remuneration by Type, and Number of Recipient Directors and Other Officers

Category of Directors and other officers	Total amount of remuneration (Millions of yen)	Total amount of remuneration by the type (Millions of yen)				Number of recipient Directors and other officers (Persons)
		Fixed salary	Performance-linked remuneration	Retirement benefits	Of the left-mentioned, non-monetary remuneration	
Directors (excluding External Directors)	389	298	90	–	17	6
Audit & Supervisory Board Members (excluding External Audit & Supervisory Board Members)	62	62	–	–	–	2
External Directors and other officers	42	42	–	–	–	5

Note: The total amount of non-monetary remuneration for Directors (excluding External Directors) is 17 million yen, which is paid as fixed salaries.

(c) Total Amount of Remuneration Paid to Each Director of the Reporting Company

Total amount of remuneration paid to Directors whose amount thereof is 100 million yen or higher in total

(Millions of yen)

Name	Total amount of remuneration	Category of Directors and other officers	Category of companies	Amount of remuneration by type			
				Fixed salary	Performance-linked remuneration	Retirement benefits	Of the left-mentioned, non-monetary remuneration
Takashi Kayamoto	109	Member of the Board	Reporting company	81	23	–	4

- Notes: 1 This table only lists the person whose total amount of remuneration paid thereto is 100 million yen or higher in total.
- 2 The “4 million yen” of the non-monetary remuneration is paid as part of the fixed salary.

(5) Shareholdings

(i) Criteria and Stance on Classification of Investment Shares

The Company classifies its investment shares as follows: “shares held for pure investment purposes” when the holding of those shares is solely intended for the Company to gain income through stock price fluctuations or dividends attached to the shares; and “shares held for purposes other than pure investment” when the holding of those shares is intended for other purposes.

As a basic rule, the Company does not hold “investment shares held for pure investment purposes.”

(ii) Investment Shares Held for Purposes Other than Pure Investment

(a) Policy on Shareholdings, Method to Verify Rationality of Shareholdings, and Verifications by Board of Directors and Others on Suitability of Holding Each Issue

The “investment shares for purposes other than pure investment” held by the Company are those issued by corporations that are expected by the Company to help the Company increase its corporate value, such as the Company’s suppliers and customers engaged in the development or production of new products for their own continuous business growth in the Company’s main fields of auto components, electronic components, and industrial machinery or equipment.

The Company is going to reduce the balance of cross-shareholdings, including deemed-shareholdings, to the extent that the balance will account for less than 20% of the consolidated net assets, all the while considering changes in the volume of transactions and the Company’s future relationships with its business partners.

The Company regularly reports, among other things, the latest dividend attached to each share of all the stocks held by the Company and the prices thereof to the Board of Directors, which in turn verifies the rationality of the Company’s shareholdings on an ongoing basis. In addition to examining benefits attached to each issue of the shares held (e.g., incoming dividends, profits/losses from stock valuation, etc.) and quantitative risks involved therein, the Board of Directors assesses the qualitative aspects, such as backgrounds behind the acquisition of the shares and the significance of holding them, and comprehensively judge the suitability of the Company’s shareholdings. Such verifications have found that it is becoming less significant for the Company to hold some of the shareholdings, and the Company is selling them while giving consideration to the potential impact therefrom on the market.

(b) Number of Issues and Carrying Amount

	Number of issues (Issues)	Total of carrying amounts (Millions of yen)
Unlisted shares	24	1,873
Shares other than unlisted shares	25	57,081

(Issues whose number of shares increased in the fiscal year under review)

	Number of issues (Issues)	Total acquisition cost for increased shares (Millions of yen)	Reason for increase in the number of shares
Unlisted shares	1	0	Acquisition of golf memberships
Shares other than unlisted shares	-	-	-

(Issues whose number of shares decreased in the fiscal year under review)

	Number of issues (Issues)	Total sale amount for decreased shares (Millions of yen)
Unlisted shares	1	50
Shares other than unlisted shares	9	16,551

(c) Number of Specified Investment Shares and Deemed Shareholdings by Issue and Information about Carrying Amounts, etc.

Specified investment shares

Issue	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023	Purpose of the shareholding, overview of business alliance, quantitative effects of the shareholding, and reason for increase in the number of shares (Note 1)	Whether the issuer holds the Company's shares
	Number of shares (Shares)	Number of shares (Shares)		
	Carrying amount (Millions of yen)	Carrying amount (Millions of yen)		
TOYOTA BOSHOKU CORPORATION	7,220,500	7,220,500	The Company is a vendor of its seating frame products to the issuer and has a collaborative relationship with the issuer in the seating business for Toyota Motor Corporation. The Company holds the shares to continuously maintain and advance the business relationship.	No
	18,549	15,430		
Daido Steel Co., Ltd.	7,248,500	1,449,700	The issuer is a supplier for the Group. The Company holds the shares to continuously maintain and advance the business relationship, particularly with an eye on the stable procurement of steel bars. (Note 2)	Yes
	13,166	7,538		
TOYOTA MOTOR CORPORATION	1,420,500	5,920,500	The issuer is an important business partner for the Company's automotive-related business. The Company is a vendor of its automotive suspension springs to the issuer. The Company holds the shares to continuously maintain and advance the business relationship.	No
	5,386	11,130		
Isuzu Motors Limited	2,177,500	2,177,500	The issuer is a customer of the Company's automotive-related products of various sorts. The issuer is an important business partner in the Company's business for the truck industry. The Company holds the shares to continuously maintain and advance the business relationship.	Yes
	4,474	3,438		
NOK CORPORATION	1,105,300	1,105,300	The Company holds the shares to maintain and advance its alliance with the issuer in the automotive components industry.	Yes
	2,313	1,617		

Issue	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023	Purpose of the shareholding, overview of business alliance, quantitative effects of the shareholding, and reason for increase in the number of shares (Note 1)	Whether the issuer holds the Company's shares
	Number of shares (Shares)	Number of shares (Shares)		
	Carrying amount (Millions of yen)	Carrying amount (Millions of yen)		
Mitsubishi UFJ Financial Group, Inc.	1,463,400	1,463,400	The Group has a deal with the three financial institutions under the umbrella of the issuer, MUFG Bank, Ltd., Mitsubishi UFJ Trust and Banking Corporation and Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. The Company holds the shares for the purpose of facilitating the Group's financial activities. The issuer has helped the Company to stabilize its Group's entire financial standing, including supporting the Company's trading at overseas business sites. The Company has also received information about financial and economic conditions as well as advice on all the aspects of business management from the issuer. The Company is hence seeking collaboration and alignment with the issuer with a view to increase the Company's corporate value in the medium- to long-term.	No (Note 4)
	2,278	1,240		
Concordia Financial Group, Ltd.	2,959,000	2,959,000	The Bank of Yokohama, Ltd., which is under the issuer, is one of the Group's major financing banks. The Company holds the shares for the purpose of facilitating the Group's financial activities. In addition to being a continuous creditor to the Group, the Bank of Yokohama has provided the Company with information about financial and economic conditions. The Company is seeking to increase its alliance with the issuer with a view to increase the Company's corporate value in the medium- to long-term.	No (Note 4)
	2,277	1,443		
Taiho Kogyo Co., Ltd.	1,344,310	1,344,310	The Company holds the shares to maintain and advance its alliance with the issuer in the automotive components industry.	No
	1,260	853		
Kobe Steel, Ltd.	610,700	610,700	The issuer is a supplier for the Group. The Company holds the shares to continuously maintain and advance the business relationship particularly for the purpose of ensuring the stable procurement of wires, steel bars and thin plates.	Yes
	1,255	643		
Takano Company Limited	1,151,500	1,151,500	The issuer is a customer of the Company's precision springs and components. The Company holds the shares to continuously maintain and advance the business relationship.	Yes
	1,229	817		

Issue	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023	Purpose of the shareholding, overview of business alliance, quantitative effects of the shareholding, and reason for increase in the number of shares (Note 1)	Whether the issuer holds the Company's shares
	Number of shares (Shares)	Number of shares (Shares)		
	Carrying amount (Millions of yen)	Carrying amount (Millions of yen)		
Sojitz Corporation	283,620	283,620	The issuer is the Company's collaborative partner in its overseas businesses, and the issuer's group company is a supplier for the Company's production facilities and equipment. The Company holds the shares to continuously maintain and advance the business relationship.	Yes
	1,130	783		
Mizuho Financial Group, Inc.	323,940	427,940	The Group has a deal with the three financial institutions under the umbrella of the issuer, Mizuho Bank, Ltd., Mizuho Trust & Banking Co., Ltd., and Mizuho Securities Co., Ltd. The Company holds the shares to facilitate the Group's financial activities. The issuer has helped the Company to stabilize its Group's entire financial standing, including supporting the Company's trading at overseas business sites. The Company has also received information about financial and economic conditions as well as advice on all the aspects of business management from the issuer. The Company is hence seeking collaboration and alignment with the issuer with a view to increase the Company's corporate value in the medium- to long-term.	No (Note 4)
	986	803		
Honda Motor Co., Ltd.	450,000	150,000	The Company is a vendor of its automotive-related products of various sorts to the issuer. The issuer is an important global business partner for the Company's Automotive Suspension Spring Business and Precision Springs and Components Business. The Company holds the shares to continuously maintain and advance the business relationship. (Note 3)	Yes
	850	526		
NOMURA HOLDINGS, INC.	607,300	607,300	Nomura Securities Co., Ltd. under the umbrella of the issuer is the lead underwriter of the Company's corporate bonds. The Company holds the shares to facilitate its financial activities. The Company has received information about financial and economic conditions as well as advice on all the aspects of business management from the issuer. The Company is hence seeking collaboration and alignment with the issuer with a view to increase the Company's corporate value in the medium- to long-term.	No (Note 4)
	593	309		

Issue	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023	Purpose of the shareholding, overview of business alliance, quantitative effects of the shareholding, and reason for increase in the number of shares (Note 1)	Whether the issuer holds the Company's shares
	Number of shares (Shares)	Number of shares (Shares)		
	Carrying amount (Millions of yen)	Carrying amount (Millions of yen)		
Suzuki Motor Corporation	51,000	51,000	The Company is a vendor of its automotive-related products of various sorts to the issuer. For the Company, the issuer is an important global business partner. The Company holds the shares to continuously maintain and advance the business relationship.	No
	354	245		
Imasen Electric Industrial Co., Ltd.	310,000	310,000	The issuer is an important business partner for the components of multiple products in the Company's Automotive Seating Business. The Company holds the shares to continuously maintain and advance the business partnership.	No
	197	227		
Mazda Motor Corporation	104,600	104,600	The Company is a vendor of its automotive-related products of various sorts to the issuer. The Company holds the shares to continuously maintain and advance the business relationship.	No
	183	128		
Tokio Marine Holdings, Inc.	37,800	37,800	The Company has various kinds of insurance transactions with the issuer. The Company holds the shares to continuously maintain and advance the business relationship.	No (Note 4)
	177	96		
Aichi Steel Corporation	23,500	23,500	The issuer is a supplier for the Group. The Company holds the shares to continuously maintain and advance the business relationship particularly for the purpose of ensuring the stable procurement of flat bars.	Yes
	93	54		
Subaru Corporation	22,000	22,000	The Company is a vendor of its automotive-related products of various sorts to the issuer. For the Company, the issuer is the largest customer mainly in the Automotive Seating Business. The Company holds the shares to continuously maintain and advance the business relationship.	No
	75	46		
EXEDY Corporation	22,600	22,600	The Company is a vendor of its precision springs and components to the issuer. The Company holds the shares to continuously maintain and advance the business relationship.	No
	69	40		
MS&AD Insurance Group Holdings, Inc.	8,022	8,022	The Company has various kinds of insurance transactions with the issuer. The Company holds the shares to continuously maintain and advance the business relationship.	No (Note 4)
	65	32		
NISSAN SHATAI CO., LTD.	50,000	50,000	The Company is a vendor of its automotive suspension spring products and precision springs and components to the issuer. The Company holds the shares to continuously maintain and advance the business relationship.	No
	53	42		

Issue	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023	Purpose of the shareholding, overview of business alliance, quantitative effects of the shareholding, and reason for increase in the number of shares (Note 1)	Whether the issuer holds the Company's shares
	Number of shares (Shares)	Number of shares (Shares)		
	Carrying amount (Millions of yen)	Carrying amount (Millions of yen)		
F.C.C. Co., Ltd.	21,700	21,700	The Company is a vendor of its precision springs and components to the issuer. The Company holds the shares to continuously maintain and advance the business relationship.	No
	49	33		
Hino Motors, Ltd.	10,000	10,000	The Company is a vendor of its automotive-related products of various sorts to the issuer. The Company holds the shares to continuously maintain and advance the business relationship.	No
	5	5		
Nissan Motor Co., Ltd.	–	1,000,000	(Fiscal year ended March 31, 2023) The Company is a vendor of its automotive-related products of various sorts to the issuer. For the Company, the issuer is an important global business partner. The Company holds the shares to continuously maintain and advance the business relationship.	No
	–	501	(Fiscal year ended March 31, 2024) As a result of comprehensively considering and verifying the benefits and risks involved in the holding of the shares, the Company sold all of them in the fiscal year under review.	
PRESS KOGYO CO., LTD.	–	303,000	(Fiscal year ended March 31, 2023) The Company holds the shares to maintain and advance its alliance with this company in the automotive components industry.	No
	–	150	(Fiscal year ended March 31, 2024) As a result of comprehensively considering and verifying the business relationship as well as benefits and risks involved in the holding of the shares, the Company sold all of them in the fiscal year under review.	
Sumitomo Mitsui Trust Holdings, Inc.	–	27,510	(Fiscal year ended March 31, 2023) The Company has borrowing and corporate pension transactions with the issuer and holds the shares to continuously maintain and advance the business relationship.	No
	–	124	(Fiscal year ended March 31, 2024) As a result of comprehensively considering and verifying the business relationship as well as benefits and risks involved in the holding of the shares, the Company sold all of them in the fiscal year under review.	



Issue	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023	Purpose of the shareholding, overview of business alliance, quantitative effects of the shareholding, and reason for increase in the number of shares (Note 1)	Whether the issuer holds the Company's shares
	Number of shares (Shares)	Number of shares (Shares)		
	Carrying amount (Millions of yen)	Carrying amount (Millions of yen)		
NIPPON STEEL CORPORATION	–	22,050	(Fiscal year ended March 31, 2023) The issuer is a supplier for the Group, and the Company holds the shares to continuously maintain and advance the business relationship.	No
	–	68	(Fiscal year ended March 31, 2024) As a result of comprehensively considering and verifying the business relationship as well as benefits and risks involved in the holding of the shares, the Company sold all of them in the fiscal year under review.	
Dai-ichi Life Holdings, Inc.	–	26,900	(Fiscal year ended March 31, 2023) The Company has borrowing and various insurance transactions with the issuer and holds the shares to continuously maintain and advance the business relationship.	No (Note 4)
	–	65	(Fiscal year ended March 31, 2024) As a result of comprehensively considering and verifying the business relationship as well as benefits and risks involved in the holding of the shares, the Company sold all of them in the fiscal year under review.	
KOITO MANUFACTURING CO., LTD.	–	2,000	(Fiscal year ended March 31, 2023) The Company sells its integrated metal substrates to the issuer, and the Company holds the shares to continuously maintain and advance the business relationship.	Yes
	–	5	(Fiscal year ended March 31, 2024) As a result of comprehensively considering and verifying the business relationship as well as benefits and risks involved in the holding of the shares, the Company sold all of them in the fiscal year under review.	
YOROZU Corporation	–	1,000	(Fiscal year ended March 31, 2023) The Company holds the shares to maintain and advance its alliance with this company in the automotive components industry.	No
	–	0	(Fiscal year ended March 31, 2024) As a result of comprehensively considering and verifying the business relationship as well as benefits and risks involved in the holding of the shares, the Company sold all of them in the fiscal year under review.	

Notes: 1. Considering potential impact on business relationships and the stock market, the Company refrains itself from disclosing the quantitative effects of the shareholdings and the results of its verifications on the rationality of the shareholdings. While it is difficult to state the quantitative effects of shareholdings in this document, the

Company has regularly reported dividends attached to each share, share prices, etc. to the Board of Directors for its ongoing verification on the rationality of the Company's shareholdings.

2. The number of the shares issued by Daido Steel Co., Ltd. increased due to a stock split that divided one share into five as of January 1, 2024.
3. The number of the shares issued by Honda Motor Co., Ltd. increased due to a stock split that divided one share into three as of October 1, 2023.
4. The issuer of the shares does not hold the Company's shares. However, a subsidiary of the issuer holds the Company's shares.
5. All held issues are stated above, because the total number of the specified investment shares held by the Company is less than 60 issues.

#### Deemed-Shareholdings

Issue	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023	Purpose of the shareholding, overview of business alliance, quantitative effects of the shareholding, and reason for increase in the number of shares (Note 2)	Whether the issuer holds the Company's shares
	Number of shares (Shares)	Number of shares (Shares)		
	Carrying amount (Millions of yen)	Carrying amount (Millions of yen)		
TOYOTA MOTOR CORPORATION	3,500,000	3,500,000	The Company contributed the shares to the retirement benefit trust and is authorized to instruct the exercise of voting rights.	No
	13,272	6,580		
Honda Motor Co., Ltd.	3,000,000	1,000,000	The Company contributed the shares to the retirement benefit trust and is authorized to instruct the exercise of voting rights. (Note 3)	Yes
	5,673	3,510		
Suzuki Motor Corporation	500,000	500,000	The Company contributed the shares to the retirement benefit trust and is authorized to instruct the exercise of voting rights.	No
	3,477	2,402		
Daido Steel Co., Ltd.	1,500,000	300,000	The Company contributed the shares to the retirement benefit trust and is authorized to instruct the exercise of voting rights. (Note 4)	Yes
	2,724	1,560		
Takano Company Limited	1,000,000	1,000,000	The Company contributed the shares to the retirement benefit trust and is authorized to instruct the exercise of voting rights.	Yes
	1,068	710		
Subaru Corporation	300,000	300,000	The Company contributed the shares to the retirement benefit trust and is authorized to instruct the exercise of voting rights.	No
	1,034	634		
Isuzu Motors Limited	250,000	250,000	The Company contributed the shares to the retirement benefit trust and is authorized to instruct the exercise of voting rights.	Yes
	513	394		
Concordia Financial Group, Ltd.	500,000	500,000	The Company contributed the shares to the retirement benefit trust and is authorized to instruct the exercise of voting rights.	No (Note 5)
	384	244		
Mizuho Financial Group, Inc.	100,000	100,000	The Company contributed the shares to the retirement benefit trust and is authorized to instruct the exercise of voting rights.	No (Note 5)
	304	187		
Kobe Steel, Ltd.	50,000	50,000	The Company contributed the shares to the retirement benefit trust and is authorized to instruct the exercise of voting rights.	Yes
	102	52		
Sojitz Corporation	10,000	10,000	The Company contributed the shares to the retirement benefit trust and is authorized to instruct the exercise of voting rights.	Yes
	39	27		

- Notes:
1. The number of specified investment shares and that of deemed-held shares were not combined when the issues were ranked according to the higher carrying amount.
  2. While it is difficult to state the quantitative effects of shareholdings in this document, the Company has certainly reported dividends attached to each share, share prices, etc. to the Board of Directors on a regular basis for its continuous verification on the rationality of the Company's shareholdings.
  3. The number of the shares issued by Honda Motor Co., Ltd. increased due to a stock split that divided one share into three as of October 1, 2023.
  4. The number of the shares issued by Daido Steel Co., Ltd. increased due to a stock split that divided one share into five as of January 1, 2024.
  5. The issuer of the shares does not hold the Company's shares. However, a subsidiary of the issuer holds the Company's shares.

(d) Investment Shares Held for Pure Investment Purposes

There are no matters to report under this item because the Company does not hold "investment shares held for pure investment purposes."

## **V. Financial Information**

### **1 Methods for preparing the consolidated financial statements and the non-consolidated financial statements**

- (1) The consolidated financial statements of the Company are prepared in accordance with the “Regulation on Terminology, Forms and Preparation Methods of Consolidated Financial Statements” (Ministry of Finance Order No. 28 of 1976).
- (2) The non-consolidated financial statements of the Company are prepared in accordance with the “Regulation on Terminology, Forms and Preparation Methods of Financial Statements” (Ministry of Finance Order No. 59 of 1963; hereinafter the “Regulations on Non-consolidated Financial Statements”).

As the Company falls under the category of a special company submitting financial statements, the non-consolidated financial statements of the Company are prepared in accordance with Article 127 of the Regulations for Non-consolidated Financial Statements.

### **2 Audit certification**

Pursuant to the provisions of Article 193-2, paragraph (1), of the Financial Instruments and Exchange Act, the Company’s consolidated financial statements for the fiscal year from April 1, 2023 through March 31, 2024 and non-consolidated financial statements for the fiscal year from April 1, 2023 through March 31, 2024 were audited by Ernst & Young ShinNihon LLC.

### **3 Particular efforts to secure the appropriateness of the consolidated financial statements**

The Company makes particular efforts to secure the appropriateness of its consolidated financial statements. Specifically, in order to develop a system that can properly understand the details of the accounting standards and other regulations, the Company has joined the Financial Accounting Standards Foundation (FASF) and attends seminars held by the foundation.

1. Consolidated Financial Statements and Primary Notes

(1) Consolidated Financial Statements

(i) Consolidated Balance Sheets

(Millions of yen)

	Fiscal year ended March 31, 2023 (As of March 31, 2023)	Fiscal year ended March 31, 2024 (As of March 31, 2024)
<b>Assets</b>		
Current assets		
Cash and deposits	72,948	103,216
Notes and accounts receivable - trade, and contract assets	*5 146,793	*4, *5 165,639
Merchandise and finished goods	33,396	27,621
Work in process	13,114	14,073
Raw materials and supplies	33,339	33,395
Partly-finished goods	11,648	11,806
Other	26,024	26,996
Allowance for doubtful accounts	(27)	(58)
<b>Total current assets</b>	<b>337,237</b>	<b>382,690</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures	160,712	172,525
Accumulated depreciation	(108,933)	(114,904)
Buildings and structures, net	51,779	57,621
Machinery, equipment and vehicles	296,394	311,687
Accumulated depreciation	(237,348)	(254,127)
Machinery, equipment and vehicles, net	59,045	57,560
Land	31,520	32,131
Leased assets	1,258	1,281
Accumulated depreciation	(787)	(721)
Leased assets, net	470	560
Construction in progress	14,314	15,985
Other	86,964	96,081
Accumulated depreciation	(77,825)	(85,244)
Other, net	9,138	10,836
<b>Total property, plant and equipment</b>	<b>166,269</b>	<b>174,694</b>
Intangible assets	3,317	3,257
Investments and other assets		
Investment securities	*1 62,287	*1 73,491
Long-term loans receivable	1,796	1,953
Deferred tax assets	10,161	10,068
Retirement benefit asset	14,410	33,426
Other	*1 12,200	*1 12,211
Allowance for doubtful accounts	(1,642)	(1,504)
<b>Total investments and other assets</b>	<b>99,214</b>	<b>129,646</b>
<b>Total non-current assets</b>	<b>268,801</b>	<b>307,599</b>
<b>Total assets</b>	<b>606,039</b>	<b>690,289</b>

(Millions of yen)

	Fiscal year ended March 31, 2023 (As of March 31, 2023)	Fiscal year ended March 31, 2024 (As of March 31, 2024)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	91,525	*4 97,241
Electronically recorded obligations - operating	18,147	18,677
Short-term borrowings	21,167	11,985
Lease liabilities	484	550
Income taxes payable	4,400	12,087
Provision for bonuses	10,038	10,593
Provision for bonuses for directors (and other officers)	261	256
Notes payable - facilities	1,273	3,674
Other	*6 24,316	*6 27,551
<b>Total current liabilities</b>	<b>171,615</b>	<b>182,618</b>
<b>Non-current liabilities</b>		
Bonds payable	11,000	12,000
Long-term borrowings	17,090	22,009
Lease liabilities	759	869
Deferred tax liabilities	12,351	22,193
Retirement benefit liability	22,506	23,366
Provision for retirement benefits for directors (and other officers)	578	522
Provision for officers' retirement benefits	843	881
Other	3,435	5,253
<b>Total non-current liabilities</b>	<b>68,563</b>	<b>87,096</b>
<b>Total liabilities</b>	<b>240,179</b>	<b>269,715</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	17,009	17,009
Capital surplus	19,826	19,903
Retained earnings	275,386	306,866
Treasury shares	(15,703)	(23,055)
<b>Total shareholders' equity</b>	<b>296,518</b>	<b>320,723</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	27,217	34,336
Foreign currency translation adjustment	21,018	32,801
Remeasurements of defined benefit plans	4,468	17,160
<b>Total accumulated other comprehensive income</b>	<b>52,703</b>	<b>84,297</b>
Non-controlling interests	16,638	15,552
<b>Total net assets</b>	<b>365,860</b>	<b>420,574</b>
<b>Total liabilities and net assets</b>	<b>606,039</b>	<b>690,289</b>

(ii) Consolidated Statements of Income and Comprehensive Income  
[Consolidated Statements of Income]

(Millions of yen)

	Fiscal year ended March 31, 2023 (April 1, 2022 through March 31, 2023)		Fiscal year ended March 31, 2024 (April 1, 2023 through March 31, 2024)	
Net sales	*1	693,246	*1	766,934
Cost of sales	*2, *4	612,410	*2, *4	677,519
Gross profit		80,835		89,415
Selling, general and administrative expenses	*3, *4	51,997	*3, *4	54,763
Operating profit		28,838		34,652
Non-operating income				
Interest income		735		1,696
Dividend income		2,108		2,823
Share of profit of entities accounted for using equity method		979		1,803
Foreign exchange gains		4,865		6,529
Other		1,927		2,095
Total non-operating income		10,616		14,948
Non-operating expenses				
Interest expenses		260		184
Loss on retirement of non-current assets		291		475
Expenses for product compensation		173		219
Other		1,411		906
Total non-operating expenses		2,137		1,786
Ordinary profit		37,317		47,814
Extraordinary income				
Gain on sale of investment securities		–		16,398
Total extraordinary income		–		16,398
Extraordinary losses				
Impairment losses	*5	5,537	*5	7,034
Loss on sale of investment securities		26		3
Loss on valuation of investment securities		53		–
Litigation settlement	*6	1,388		–
Loss on valuation of investments in capital of subsidiaries and affiliates		–		349
Total extraordinary losses		7,006		7,387
Profit before income taxes		30,311		56,825
Income taxes - current		8,339		15,519
Income taxes - deferred		(1,097)		1,552
Total income taxes		7,241		17,072
Profit		23,069		39,752
Profit attributable to non-controlling interests		1,532		564
Profit attributable to owners of parent		21,537		39,188

[Consolidated Statements of Comprehensive Income]

(Millions of yen)

	Fiscal year ended March 31, 2023 (April 1, 2022 through March 31, 2023)	Fiscal year ended March 31, 2024 (April 1, 2023 through March 31, 2024)
Profit	23,069	39,752
Other comprehensive income		
Valuation difference on available-for-sale securities	1,931	7,142
Foreign currency translation adjustment	9,309	11,344
Remeasurements of defined benefit plans	1,923	12,689
Share of other comprehensive income of entities accounted for using equity method	683	936
Total other comprehensive income	* 13,847	* 32,113
Comprehensive income	36,917	71,866
(Comprehensive income)		
Comprehensive income attributable to owners of parent	34,720	70,785
Comprehensive income attributable to non-controlling interests	2,196	1,081



## (iii) Consolidated Statement of Changes in Net Assets

Fiscal year ended March 31, 2023 (April 1, 2022 through March 31, 2023)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	17,009	19,679	260,692	(14,296)	283,085
Changes during period					
Dividends of surplus			(6,843)		(6,843)
Profit attributable to owners of parent			21,537		21,537
Purchase of treasury shares				(1,584)	(1,584)
Disposal of treasury shares		4		177	181
Change in ownership interest of parent due to transactions with non-controlling interests		141			141
Net changes in items other than shareholders' equity					
Total changes during period	–	146	14,693	(1,407)	13,432
Balance at end of period	17,009	19,826	275,386	(15,703)	296,518

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	25,292	11,592	2,644	39,529	16,232	338,847
Changes during period						
Dividends of surplus						(6,843)
Profit attributable to owners of parent						21,537
Purchase of treasury shares						(1,584)
Disposal of treasury shares						181
Change in ownership interest of parent due to transactions with non-controlling interests						141
Net changes in items other than shareholders' equity	1,924	9,426	1,824	13,174	406	13,580
Total changes during period	1,924	9,426	1,824	13,174	406	27,013
Balance at end of period	27,217	21,018	4,468	52,703	16,638	365,860

Fiscal year ended March 31, 2024 (April 1, 2023 through March 31, 2024)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	17,009	19,826	275,386	(15,703)	296,518
Changes during period					
Dividends of surplus			(7,708)		(7,708)
Profit attributable to owners of parent			39,188		39,188
Purchase of treasury shares				(7,355)	(7,355)
Disposal of treasury shares				3	3
Change in ownership interest of parent due to transactions with non-controlling interests		76			76
Net changes in items other than shareholders' equity					
Total changes during period	–	76	31,480	(7,351)	24,205
Balance at end of period	17,009	19,903	306,866	(23,055)	320,723

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	27,217	21,018	4,468	52,703	16,638	365,860
Changes during period						
Dividends of surplus						(7,708)
Profit attributable to owners of parent						39,188
Purchase of treasury shares						(7,355)
Disposal of treasury shares						3
Change in ownership interest of parent due to transactions with non-controlling interests						76
Net changes in items other than shareholders' equity	7,119	11,783	12,692	31,594	(1,085)	30,508
Total changes during period	7,119	11,783	12,692	31,594	(1,085)	54,713
Balance at end of period	34,336	32,801	17,160	84,297	15,552	420,574

## (iv) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2023 (April 1, 2022 through March 31, 2023)	Fiscal year ended March 31, 2024 (April 1, 2023 through March 31, 2024)
<b>Cash flows from operating activities</b>		
Profit before income taxes	30,311	56,825
Depreciation	28,879	28,671
Impairment losses	5,537	7,034
Increase (decrease) in net defined benefit asset (debt)	(558)	(1,173)
Interest and dividend income	(2,844)	(4,520)
Interest expenses	260	184
Foreign exchange losses (gains)	(4,510)	(692)
Share of loss (profit) of entities accounted for using equity method	(979)	(1,803)
Loss (gain) on sale and retirement of property, plant and equipment	124	119
Loss (gain) on sale of investment securities	26	(16,394)
Loss (gain) on valuation of investments in capital of subsidiaries and associates	–	349
Litigation settlement	1,388	–
Decrease (increase) in trade receivables	(3,665)	(12,988)
Decrease (increase) in inventories	(14,238)	8,640
Increase (decrease) in trade payables	(4,579)	2,905
Other, net	(5,508)	1,589
Subtotal	29,643	68,747
Interest and dividends received	3,330	5,774
Interest paid	(288)	(225)
Litigation settlement paid	(1,388)	–
Income taxes paid	(17,639)	(7,590)
Net cash provided by (used in) operating activities	13,656	66,706
<b>Cash flows from investing activities</b>		
Decrease (increase) in time deposits	(14,650)	5,858
Purchase of property, plant and equipment	(26,543)	(33,320)
Proceeds from sale of property, plant and equipment	323	578
Purchase of intangible assets	(450)	(600)
Purchase of investment securities	(1,221)	(474)
Proceeds from sale of investment securities	75	17,464
Loan advances	(400)	(449)
Proceeds from collection of loans receivable	1,264	583
Other, net	(155)	9
Net cash provided by (used in) investing activities	(41,758)	(10,349)

(Millions of yen)

	Fiscal year ended March 31, 2023 (April 1, 2022 through March 31, 2023)	Fiscal year ended March 31, 2024 (April 1, 2023 through March 31, 2024)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	(946)	(8,547)
Proceeds from long-term borrowings	14,000	14,000
Repayments of long-term borrowings	(15,101)	(9,817)
Proceeds from issuance of bonds	1,000	1,000
Proceeds from issuance of commercial papers	25,000	8,000
Redemption of commercial papers	(25,000)	(8,000)
Purchase of treasury shares	(1,402)	(7,355)
Proceeds from sale of treasury shares	0	–
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(1,030)	(1,618)
Repayments of lease liabilities	(604)	(478)
Dividends paid	(6,843)	(7,708)
Dividends paid to non-controlling interests	(618)	(471)
Net cash provided by (used in) financing activities	(11,546)	(20,996)
Effect of exchange rate change on cash and cash equivalents	5,598	(139)
Net increase (decrease) in cash and cash equivalents	(34,049)	35,220
Cash and cash equivalents at beginning of period	91,894	57,845
Cash and cash equivalents at end of period	* 57,845	* 93,065

[Notes to Consolidated Financial Statements]

(Significant matters forming the basis for preparation of consolidated financial statements)

(1) Scope of consolidation

(a) Number of consolidated subsidiaries: 38

The names of consolidated subsidiaries are omitted here because they are provided in “4. Overview of subsidiaries and associates” under “1. Overview of the Company.”

(b) Names of major non-consolidated subsidiaries

AYASE SEIMITSU Co., Ltd.

FNK China Co., Ltd.

NHK Automotive Components India Private Limited

Reason for exclusion from the scope of consolidation

These non-consolidated subsidiaries are small in size and their total assets, sales, net income or loss (amount corresponding to the equity interest), retained earnings (amount corresponding to the equity interest) and others, and do not have a significant impact on the consolidated financial statements.

(2) Application of the equity method

(a) Number of non-consolidated subsidiaries accounted for using equity method: 3

Name of companies

AYASE SEIMITSU Co., Ltd.

FNK China Co., Ltd.

NHK Automotive Components India Private Limited

(b) Number of associates accounted for using equity method: 5

Name of companies

SINDAI CO., LTD.

FAURECIA-NHK CO., LTD.

Ibérica de Suspensiones, S.L.

RASSINI-NHK AUTOPEÇAS LTDA.

Faurecia NHK (Xiangyang) Automotive Seating Co., Ltd.

(c) Of the non-consolidated subsidiaries or associates not accounted for using the equity method, name of the principal company

Nippatsu Harmony Co., Ltd.

Reasons for not applying the equity method

The non-consolidated subsidiaries and associates not accounted for using the equity method are excluded from the scope of application of the equity method, because their impact on net income (amount corresponding to the equity interest) and retained earnings (amount corresponding to the equity interest) and others of the current fiscal year, is minor and also has no significance as a whole.

(d) For the companies accounted for using the equity method whose closing dates differ from the consolidated closing date, the financial statements for the respective fiscal year of those companies are used for the consolidation purpose.

(3) Fiscal year, etc. of consolidated subsidiaries

Of consolidated subsidiaries, the closing date of NHK Spring Thailand Co., Ltd., NHK Manufacturing (Malaysia) SDN. BHD., NAT Peripheral (H.K.) Co., Ltd., NHK-Uni Spring (Guangzhou) Co., Ltd., NHK Spring Precision (Guangzhou) Co., Ltd., NHK Precision (Thailand) Co., Ltd., NAT Peripheral

(Dongguan) Co., Ltd., NHK Spring (China) Co., Ltd., NHK Seating (Hubei) Co., Ltd., Topura America Fastener, Inc. and NHK Spring Mexico, S.A. DE. C.V. is December 31 of every year.

In preparing the consolidated financial statements, we use financial statements as of their closing dates and make necessary adjustments for consolidation regarding significant transactions that occur between the consolidated closing date and their closing dates.

(4) Accounting policies

(a) Standards and methods for valuation of important assets

(i) Inventory

Mainly stated at cost using the weighted average method (Balance sheet value is calculated using the book value write-down method based on declining profitability).

(ii) Securities

Available-for-sale securities

Securities other than shares, etc. without market value

Stated at fair value (valuation differences are directly recorded in shareholders' equity, and the cost of securities sold is computed based on the moving-average method).

Shares, etc. without market prices

Mainly stated at cost using the moving average method.

(iii) Derivatives

Stated at fair value.

(b) Depreciation or amortization method for important depreciable or amortizable assets

(i) Property, plant and equipment (excluding leased assets)

Principally, the declining-balance method is applied.

Buildings and structures at the Company's headquarters are depreciated by the straight-line method.

The Company and its domestic consolidated subsidiaries compute depreciation for buildings (excluding facilities attached to buildings) acquired on or after April 1, 1998, and facilities attached to buildings and structures acquired on or after April 1, 2016 by the straight-line method.

(ii) Small-amount depreciable assets (excluding leased assets)

Small-amount depreciable assets with an acquisition cost of 100,000 yen or more but less than 200,000 yen are equally amortized over three years.

(iii) Intangible assets (excluding leased assets)

Principally, the straight-line method is applied. Computer software for internal use is amortized on a straight-line basis over the estimated internal useful life (five years) of the software.

(iv) Leased assets

Finance lease transactions that do not transfer ownership

The straight-line method with no residual value is applied, regarding the term as useful life.

(c) Standards for recording significant provisions and allowances

(i) Allowance for doubtful accounts

To prepare for credit losses on receivables, an estimated uncollectable amount measured by either using the historical rate of credit loss for general receivables, or based on individual consideration of collectability for specific receivables such as highly doubtful receivables is recorded.

- (ii) Provision for bonuses  
To prepare for the payment of bonuses to employees, the portion of the estimated bonuses incurred during the current fiscal year is recorded.
  - (iii) Provision for bonuses for directors (and other officers)  
To prepare for the payment of bonuses to directors (and other officers), the portion of the estimated bonuses incurred during the current fiscal year is recorded.
  - (iv) Provision for retirement benefits for directors (and other officers)  
To prepare for the payment of retirement benefits to directors (and other officers), the domestic consolidated subsidiaries record the amount to be paid at the end of the fiscal year in accordance with the directors' retirement benefit regulations or internal rules.
  - (v) Provision for officers' retirement benefits  
To prepare for the payment of officers' retirement benefits, the Company and its domestic consolidated subsidiaries record the amount to be paid at the end of the fiscal year in accordance with the officers' retirement benefit regulations or internal rules.
- (d) Accounting methods for retirement benefits
- (i) Method of attributing expected retirement benefit to periods  
In the calculation of retirement benefit obligations, expected retirement benefits are attributed to the period up to the end of the current fiscal year on a benefit formula basis.
  - (ii) Method of amortization of actuarial gains and losses and past service costs  
Past service cost is amortized using the straight-line method over a certain number of years (mainly 15 to 16 years) within employees' average remaining service period when incurred.  
  
Actuarial gains and losses are amortized using the straight-line method over a certain number of years (10 to 16 years) within employees' average remaining service period when incurred in each fiscal year, from the fiscal year following the accrual of each gain or loss.
  - (iii) Application of simplified method by small-scale companies  
In calculating the retirement benefit liability and retirement benefit expenses, certain of the Company's consolidated subsidiaries apply the simplified method in which the amount of retirement benefits payable at the end of the fiscal year for voluntary resignations is the retirement benefit obligation.
- (e) Standards for recognizing significant revenue and expenses
- The Group's main business is the manufacture and sale of automobile-related products, such as automotive suspension springs, automotive seating and seat parts, and precision springs and components, as well as the sale of information equipment-related products and parts, and logistics and other service business activities related to these businesses.
- The Group's performance obligation is primarily to supply finished products to customers. In principle, the performance obligations are deemed satisfied when control is transferred to the customer at the time of product delivery, and revenue is recognized at that time. For domestic sales, if the period from the time of shipment to the time when control of the products is transferred to the customer is a normal period, revenue is recognized at the time of shipment.
- The transaction price is calculated by deducting discounts, rebates, etc. from the consideration promised in the contract with the customer.
- In addition, the Company estimates variable consideration using the most likely method, etc. based on past experience and the latest information and recognizes only to the extent that it is highly probable that a significant reversal in revenue will not occur.
- The consideration for these performance obligations is collected within approximately one year from the performance obligations are satisfied, in accordance with the payment conditions specified separately, and does not include any significant financing components.

(f) Significant hedge accounting methods

(i) Hedge accounting method

Deferred hedge accounting is applied. Allocation method (furiate-shori) is applied to some forward exchange contracts and currency swaps qualifying for such accounting treatment. Exceptional treatment (tokurei-shori) is applied to interest rate swaps qualifying for such exceptional accounting.

(ii) Hedging instruments and hedged items

<u>Hedging instruments</u>	<u>Hedged items</u>
Forward exchange contract	Forecasted transaction in foreign currency
Interest rate swaps	Borrowings
Interest rate and currency swaps	Borrowings
Currency swaps	Loans receivable

(iii) Hedging policy

Based on the Group's internal regulations, the "Cash Management Regulations," these hedging instruments are in principle to be used for the purpose of hedging against exchange rate and interest rate fluctuation risk.

Regarding the exchange rate fluctuations on foreign currency-denominated accounts receivable, which constitutes a major risk, we have entered comprehensive foreign currency forward contracts to avoid this risk, and execute such transactions within a range based on factors considering export performance related to normal foreign currency-denominated business transactions.

(iv) Method of evaluating effectiveness of hedges

We evaluate the effectiveness of forward exchange transactions by confirming that they comply with its internal regulations, the "Cash Management Regulations," at the time of concluding such contracts. For interest rate swaps to which the special method is applied, we have omitted the effectiveness evaluation based on the Accounting Standards for Financial Instruments.

(g) Scope of cash and cash equivalents in consolidated statement of cash flows

Funds (cash and cash equivalents) in the consolidated statements of cash flows consist of cash on hand, deposits that can be withdrawn at any time, and short-term investments that are easily convertible into cash and are subject to insignificant risk of fluctuation in value and have a maturity of three months or less from the date of acquisition.

(Significant accounting estimates)

1. Impairment losses in property, plant and equipment in the automotive suspension springs business in the United States

(1) Amount recorded on the consolidated financial statements

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Impairment losses	–	157
Property, plant and equipment	9,750	10,569



(2) Other information that contributes to the understanding of users of the consolidated financial statements

(i) Method of calculation

NHK of America Suspension Components, Inc. and New Mather Metals, Inc., the Group's consolidated subsidiaries in U.S. engaged in the automotive suspension springs business, have been recording continuous operating losses due to a decline in automobile production volume caused by a shortage of semiconductor supplies, as well as rising raw material costs, labor costs, and resource and energy prices. Therefore, we have considered the possibility of the impairment of property, plant and equipment. As a result of the recoverability test, it was found at New Mather Metals, Inc., that the total of the undiscounted future cash flows was less than the book value of the asset group, so the book value was reduced to fair value and such reduced amount was recorded as an impairment loss.

Both companies adopt US GAAP and the calculation of undiscounted future cash flows is based on business plans approved by the Board of Directors.

(ii) Key assumptions

The key assumptions for estimating undiscounted future cash flows used for recoverability tests are sales volume, selling price, gross profit margin and foreign exchange rates.

Sales volume is based on the expected quantity of orders received from customers. Selling prices and gross profit margin include improvements in selling prices and manufacturing costs that are planned to be implemented in the business plan.

Regarding the impact of increasing raw material costs, labor costs, and resource and energy prices, etc., we expect to recover costs thereof from customers based on information available at the end of the current fiscal year as well as assume that the impact will continue for a certain period of time from the next fiscal year onwards.

(iii) Impact on consolidated financial statements for the next fiscal year and thereafter

The above-mentioned key assumptions may be affected by changes in the business conditions of both companies due to factors such as a significant increase in raw material prices, a significant decrease in automobile production in the U.S. due to changes in the economic environment, etc., fluctuations in exchange rates, future uncertain economic conditions, and worsening competitive conditions.

Due to these factors, there is a possibility that impairment losses will be recorded in the next fiscal year or thereafter.

2. Impairment losses in fixed assets in the automotive suspension springs business and the precision springs and components business in China

(1) Amount recorded on the consolidated financial statements

		(Millions of yen)	
		Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Automotive suspension springs business	Impairment losses	-	1,688
	Property, plant and equipment	3,652	1,353
	Intangible assets	136	126
Precision springs and components business	Impairment losses	-	1,705
	Property, plant and equipment	4,596	2,870
	Intangible assets	120	118

(2) Other information that contributes to the understanding of users of the consolidated financial statements

(i) Method of calculation

NHK-Uni Spring (Guangzhou) Co., Ltd., our consolidated subsidiary in China in the automotive suspension springs business and NHK Spring Precision (Guangzhou) Co., Ltd., also our consolidated subsidiary in China in the precision springs and components business have been recording continuous operating losses due to a decline in the number of automobiles produced by their main customers, Japanese automobile manufacturers, as well as rising raw material costs, labor costs, and resource and energy prices. We, therefore, conducted impairment tests for tangible and intangible fixed assets (including land use rights) of these companies.

As a result of the impairment test, the recoverable amount was found to be lower than the book value of the asset group, so the book value was reduced to the recoverable amount and such reduced amount was recorded as an impairment loss.

The calculation of undiscounted future cash flows included in the recoverable amount is based on business plans approved by the Board of Directors.

(ii) Key assumptions

The recoverable amount used in the impairment test is calculated based on the net selling price and the future cash flows of the real estate.

The key assumptions for estimating the net selling price of real estate are the unit price per area in real estate appraisals and demolition and removal costs, etc. The key assumptions for calculating the discounted present value of future cash flows are the production volume of Japanese automobile manufacturers, selling prices, gross profit margin, net selling price of assets and discount rate.

Sales volume is based on the expected quantity of orders received from customers. Selling prices and gross profit margin include improvements in selling prices and manufacturing costs that are planned to be implemented in the business plan.

Regarding the impact of increasing raw material costs, labor costs, and resource and energy prices, etc., we expect to recover costs thereof from customers based on information available at the end of the current fiscal year as well as assume that the impact will continue for a certain period of time from the next fiscal year onwards.

(iii) Impact on consolidated financial statements for the next fiscal year and thereafter

The above-mentioned key assumptions may be affected by changes in the business conditions of both companies due to factors such as a significant increase in raw material prices, a decline in real estate prices in China due to changes in the economic environment, etc., a significant decrease in the number of automobiles manufactured by Japanese automobile manufacturers in China, and future uncertain political and economic conditions and worsening competitive conditions.

Due to these factors, there is a possibility that impairment losses will be recorded in the next fiscal year or thereafter.

(New accounting standards not yet applied)

- “Accounting Standard for Current Income Taxes” (ASBJ Statement No. 27, October 28, 2022)
- “Accounting Standard for Presentation of Comprehensive Income” (ASBJ Statement No. 25, October 28, 2022)
- “Guidance on Accounting Standard for Tax Effect Accounting” (ASBJ Guidance No. 28, October 28, 2022)

(1) Overview

In February 2018, the ASBJ issued ASBJ Statement No. 28, “Partial Amendments to Accounting Standard for Tax Effect Accounting” and others (“ASBJ Statement No. 28, etc.”), which completed the transfer of practical guidelines on tax effect accounting at the JICPA to the ASBJ. These accounting standards issued but not yet effective on the following two issues, which were to be

discussed again after the release of ASBJ Statement No. 28, etc. in the course of the deliberation, were deliberated and released.

- Classification of tax expenses (Taxation on other comprehensive income)
- Tax effect on the sale of shares of subsidiaries, etc. (shares of subsidiaries or affiliates) when the group corporate tax system is applied.

(2) Scheduled date of adoption

To be applied from the beginning of the fiscal year ending March 31, 2025.

(3) Impact of application of the accounting standards

The impact of the application of the “Accounting Standard for Current Income Taxes” and other related accounting standards on the Group’s consolidated financial statements are currently under evaluation.

- “Practical Solution on the Accounting for and Disclosure of Current Taxes Related to the Global Minimum Tax Rules” (ASBJ Practical Issues Task Force No. 46, March 22, 2024)

(1) Overview

This practical solution provides for accounting for and disclosure of income taxes (current taxes) related to the global minimum tax rules.

(2) Scheduled date of adoption

To be applied from the beginning of the fiscal year ending March 31, 2025.

(3) Impact of application of the accounting standards

The impacts of the application of the “Practical Solution on the Accounting for and Disclosure of Current Taxes Related to the Global Minimum Tax Rules” on the Group’s consolidated financial statements are currently under evaluation.

(Changes in presentation)

(Consolidated balance sheets)

“Lease liabilities,” which were included in “Other” under Current Liabilities until the previous fiscal year, are presented separately in the current fiscal year because they became more significant in amount. In order to reflect this change in presentation, the consolidated financial statements for the previous fiscal year have been reclassified.

As a result, 24,801 million yen presented as “Other” under Current Liabilities in the previous consolidated balance sheets has been reclassified as “Lease liabilities” of 484 million yen and “Other” of 24,316 million yen.

(Consolidated statements of income)

“Provision of allowance for doubtful accounts” and “Loss on disaster” under Non-operating expenses, which were presented separately until the previous fiscal year, are now included in “Other” under Non-operating expenses for the current fiscal year because their amounts are insignificant. “Product compensation expenses,” which were included in “Other” under Non-operating expenses until the previous fiscal year, are presented separately in the current fiscal year because they became more significant in amount. In order to reflect this change in presentation, the consolidated financial statements for the previous fiscal year have been reclassified.

As a result, “Provision of allowance for doubtful accounts” of 337 million yen, “Loss on disaster” of 383 million yen and “Other” of 864 million yen, which were presented under Non-operating expenses in the previous consolidated income statement have been reclassified into “Product compensation expenses” of 173 million yen and “Other” of 1,411 million yen.

(Additional information)

(Stock-based compensation system for directors)

In accordance with a resolution adopted at the 102nd Annual General Meeting of Shareholders held on June 28, 2022, the Company has introduced a Board Benefit Trust (BBT: “the System”) for directors of the Company (excluding external directors).

(1) Outline of transaction

In the System, a trust, which is established by the Company by contributing money to the trust (“the Trust”), will acquire the Company’s shares, and the Company’s shares are delivered to directors through the Trust according to the number of points granted in accordance with the Officer’s Stock Regulations established by the Company. In principle, directors receive the Company’s shares at the time when they retire from the Board.

(2) Company’s shares remaining in Trust

The Company’s shares remaining in the Trust are recorded as treasury shares under Net assets based on their carrying amount in the Trust (excluding incidental expenses). The carrying amount and number of such treasury shares were 181 million yen and 200,000 shares at the end of the previous fiscal year and are 178 million yen and 196,000 shares at the end of the current fiscal year.

(Consolidated balance sheet)

\*1 Notes regarding non-consolidated subsidiaries and associates

Of the amounts included in each item, those for non-consolidated subsidiaries and associates are as follows.

	(Millions of yen)	
	Fiscal year ended March 31, 2023 (As of March 31, 2023)	Fiscal year ended March 31, 2024 (As of March 31, 2024)
Investment securities (shares)	9,029	10,737
Investments and other assets, other (investments in capital)	8,657	8,597

2 Guarantee obligations

The Company has guaranteed borrowings from financial institutions by companies other than consolidated subsidiaries or by employees as follows.

	(Millions of yen)	
	Fiscal year ended March 31, 2023 (As of March 31, 2023)	Fiscal year ended March 31, 2024 (As of March 31, 2024)
Non-consolidated subsidiaries and associates	174	120
Employees	8	6
Total	183	126

3 Contingent liabilities

In November 2020, the Company received a penalty payment order (TWD 285 million) from the Taiwan Fair Trade Commission (TFTC) for violating Taiwan’s Fair Trade Act (anti-monopoly law) in relation to its transactions of HDD suspensions. In objection to this, the Company appealed against such order in January 2021, and completely won the case in August 2023.

The TFTC was dissatisfied with this judgement and appealed in September 2023.

\*4 Notes maturing at the end of the fiscal year were settled on the clearing date.

As the last day of the current fiscal year was a bank holiday, the following matured notes at the end of the fiscal year were included in the balance at the end of period.

	(Millions of yen)	
	Fiscal year ended March 31, 2023 (As of March 31, 2023)	Fiscal year ended March 31, 2024 (As of March 31, 2024)
Notes receivable - trade	-	329
Notes payable - trade	-	20

\*5 Of “Notes and accounts receivable - trade, and contract assets” under “Current assets,” the amounts of receivables and contract assets arising from contracts with customers are as follows.

	(Millions of yen)	
	Fiscal year ended March 31, 2023 (As of March 31, 2023)	Fiscal year ended March 31, 2024 (As of March 31, 2024)
Notes receivable - trade	11,850	16,310
Accounts receivable - trade	134,942	149,328
Contract assets	0	-

\*6 Of “Other” under “Current Liabilities,” the amounts of contract liabilities are as follows.

	(Millions of yen)	
	Fiscal year ended March 31, 2023 (As of March 31, 2023)	Fiscal year ended March 31, 2024 (As of March 31, 2024)
Contract liabilities	1,055	1,683

(Consolidated statement of income)

\*1 Revenue from contracts with customers

In net sales, revenues arising from contracts with customers and other revenues are not separately presented. The amount of revenues arising from contracts with customers is presented in “Notes (Revenue Recognition) 1. Information on disaggregation of revenue from contracts with customers” to the consolidated financial statements.

\*2 Ending inventory is the amount after writing down book values due to declining profitability, and the following loss on valuation of inventories are included in cost of sales.

	(Millions of yen)	
	Fiscal year ended March 31, 2023 (April 1, 2022 through March 31, 2023)	Fiscal year ended March 31, 2024 (April 1, 2023 through March 31, 2024)
	402	734

\*3 Main items and amounts of selling, general and administrative expenses are as follows.

	(Millions of yen)	
	Fiscal year ended March 31, 2023 (April 1, 2022 through March 31, 2023)	Fiscal year ended March 31, 2024 (April 1, 2023 through March 31, 2024)
Transportation costs	4,505	4,324
Salaries, allowances and bonuses	23,070	26,172
Retirement benefit expenses	674	621
Provision for retirement benefits for directors (and other officers)	108	354
Provision for officers’ retirement benefits	319	279
Commission expenses	6,531	5,819

\*4 Research and development costs included in general and administrative expenses and cost of sales

(Millions of yen)

	Fiscal year ended March 31, 2023 (April 1, 2022 through March 31, 2023)	Fiscal year ended March 31, 2024 (April 1, 2023 through March 31, 2024)
	17,503	19,335

\*5 Impairment losses

Fiscal year ended March 31, 2023 (April 1, 2022 through March 31, 2023)

The Group recognized impairment losses for the following assets.

(Millions of yen)

Used for	Location	Category	Amount
Production facilities	Aiko-gun, Kanagawa	Buildings and structures	1,079
		Machinery, equipment and vehicles	1,168
	Kamiina-gun, Nagano	Buildings and structures	1,214
		Machinery, equipment and vehicles	1,550
		Land	30
		Construction in progress	147
		Other non-current assets	56
		Software	4
	United States	Buildings and structures	16
		Machinery, equipment and vehicles	253
		Other non-current assets	16

(Background of recognition of impairment losses)

The book value of the above production facilities was written down to the recoverable value and the difference was recorded as an impairment loss since recoverability of amounts invested is not expected due to declining profitability.

(Method of grouping assets)

Individual asset items have been grouped by considering management accounting category.

(Method of calculating recoverable value)

The recoverable value of the production facilities in Aiko-gun, Kanagawa and Kamiina-gun, Nagano was determined as the net realizable value based on the real estate appraisal value and others.

The recoverable value of the production facilities in the United States was determined at fair value based on reasonable estimates using real estate appraisal value and others.

Fiscal year ended March 31, 2024 (April 1, 2023 through March 31, 2024)

The Group recognized impairment losses for the following assets.

(Millions of yen)

Used for	Location	Category	Amount
Production facilities	Komagane-shi, Nagano	Buildings and structures	0
		Machinery, equipment and vehicles	56
		Construction in progress	0
		Other non-current assets	0
	United States	Buildings and structures	309
		Machinery, equipment and vehicles	245
		Other non-current assets	9
	China	Buildings and structures	1,533
		Machinery, equipment and vehicles	2,330
		Other non-current assets	236
		Software	16
		Other intangible assets	321
	Hungary	Machinery, equipment and vehicles	1,781
		Other non-current assets	122
Software		3	
Other intangible assets		65	

(Background of recognition of impairment losses)

The book value of the above production facilities was written down to the recoverable value and the difference was recorded as an impairment loss since recoverability of amounts invested is not expected due to declining profitability.

(Method of grouping assets)

Individual asset items have been grouped by considering management accounting category.

(Method of calculating recoverable value)

The recoverable value of the production facilities in Komagane-shi, Nagano was determined as the net realizable value based on reasonable estimates using value in use.

The recoverable value of the production facilities in the United States was determined at fair value based on reasonable estimates using real estate appraisal value and others.

The recoverable value of the production facilities in China was determined by reasonable estimates based on value in use and real estate appraisal values, etc. The value in use is measured by discounting future cash flows at 12.5% through 13.65%.

The recoverable value of the production facilities in Hungary was determined by reasonable estimates based on real estate appraisal values, etc.

#### \*6 Litigation settlement

Fiscal year ended March 31, 2023 (April 1, 2022 through March 31, 2023)

The litigation settlement was recorded as the result of settlements reached in patent infringement lawsuits against the Company and its consolidated subsidiaries.

## (Consolidated statements of comprehensive income)

\* Reclassification adjustments and tax effects relating to other comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2023 (April 1, 2022 through March 31, 2023)	Fiscal year ended March 31, 2024 (April 1, 2023 through March 31, 2024)
Valuation difference on available-for-sale securities		
Amount arising during period	2,609	26,417
Reclassification adjustments	8	(16,104)
Amount before tax effect	2,617	10,313
Tax effect	(686)	(3,170)
Valuation difference on available-for-sale securities	1,931	7,142
Foreign currency translation adjustment		
Amount arising during period	9,309	11,344
Remeasurements of defined benefit plans		
Amount arising during period	2,091	17,892
Reclassification adjustments	326	417
Amount before tax effect	2,417	18,310
Tax effect	(494)	(5,621)
Remeasurements of defined benefit plans	1,923	12,689
Share of other comprehensive income of entities accounted for using equity method		
Amount arising during period	683	936
Total other comprehensive income	13,847	32,113

## (Consolidated Statement of Changes in Net Assets)

Fiscal year ended March 31, 2023 (April 1, 2022 through March 31, 2023)

## 1 Matters regarding issued shares

Class of shares	Beginning of Fiscal year ended March 31, 2024	Increase	Decrease	End of Fiscal year ended March 31, 2024
Common shares (shares)	244,066,144	–	–	244,066,144

## 2 Matters regarding treasury shares

Class of shares	Beginning of Fiscal year ended March 31, 2024	Increase	Decrease	End of Fiscal year ended March 31, 2024
Common shares (shares)	16,048,264	1,700,489	200,064	17,548,689

(Note) The number of treasury shares as of the end of Fiscal year ended March 31, 2024 includes 200,000 shares of the Company's stock held by the Stock Benefit Trust account as trust assets thereof.

(Summary of reason of change)

The breakdown of the increase is as follows.

Increase due to acquisition of treasury shares in accordance with the provisions of the Articles of Incorporation pursuant to Article 165, paragraph (2) of the Companies Act.	1,500,000 shares
Increase due to acquisition of the Company's shares by the Stock Benefit Trust	200,000 shares
Increase due to purchasing shares that are less than one unit	489 shares

The breakdown of the decrease is as follows.

Decrease due to sale of the Company's shares to the Stock Benefit Trust account relating to the stock-based compensation system for directors	200,000 shares
Decrease due to selling shares that are less than one unit	64 shares



### 3 Matters regarding dividends

#### (1) Dividends paid

Resolution	Class of shares	Total dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
General Meeting of Shareholders on June 28, 2022	Common shares	3,420	15.0	March 31, 2022	June 29, 2022
Board of Directors' meeting on November 10, 2022 (Note)	Common shares	3,423	15.0	September 30, 2022	December 2, 2022

(Note) The total amount of dividends resolved at the Board of Directors meeting on November 10, 2022 includes a dividend of 3 million yen on the Company's shares held by the Stock Benefit Trust.

#### (2) Dividends whose effective date falls in the next fiscal year, among dividends whose record dates belongs to the current fiscal year

Resolution	Class of shares	Source of dividends	Total dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
General Meeting of Shareholders on June 28, 2023	Common shares	Retained earnings	3,854	17.0	March 31, 2023	June 29, 2023

(Note) The total amount of dividends resolved at the General Meeting of Shareholders on June 28, 2023 includes a dividend of 3 million yen on the Company's shares held by the Stock Benefit Trust.

Fiscal year ended March 31, 2024 (April 1, 2023 through March 31, 2024)

#### 1 Matters regarding issued shares

Class of shares	Beginning of Fiscal year ended March 31, 2024	Increase	Decrease	End of Fiscal year ended March 31, 2024
Common shares (shares)	244,066,144	–	–	244,066,144

#### 2 Matters regarding treasury shares

Class of shares	Beginning of Fiscal year ended March 31, 2024	Increase	Decrease	End of Fiscal year ended March 31, 2024
Common shares (shares)	17,548,689	5,059,913	3,750	22,604,852

(Note) The number of treasury shares as of the end of Fiscal year ended March 31, 2024 includes 196,250 shares of the Company's stock held by the Stock Benefit Trust Account as trust assets thereof.

(Summary of reason of change)

The breakdown of the increase is as follows.

Increase due to acquisition of treasury shares in accordance with the provisions of the Articles of Incorporation pursuant to Article 165, paragraph (2) of the Companies Act. 5,059,100 shares

Increase due to purchasing shares that are less than one unit 813 shares

The breakdown of the decrease is as follows.

Decrease due to grant of shares by the Stock Benefit Trust 3,750 shares

### 3 Matters regarding dividends

#### (1) Dividends paid

Resolution	Class of shares	Total dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
General Meeting of Shareholders on June 28, 2023 (Note 1)	Common shares	3,854	17.0	March 31, 2023	June 29, 2023
Board of Directors meeting on November 13, 2023 (Note 2)	Common shares	3,854	17.0	September 30, 2023	December 4, 2023

- (Note) 1. The total amount of dividends resolved at the General Meeting of Shareholders on June 28, 2023 includes a dividend of 3 million yen on the Company's shares held by the Stock Benefit Trust.
2. The total amount of dividends resolved at the Board of Directors meeting on November 13, 2023 includes a dividend of 3 million yen on the Company's shares held by the Stock Benefit Trust.

#### (2) Dividends whose effective date falls in the next fiscal year, among dividends whose record dates belongs to the current fiscal year

Resolution	Class of shares	Source of dividends	Total dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
General Meeting of Shareholders on June 25, 2024	Common shares	Retained earnings	5,541	25.0	March 31, 2024	June 26, 2024

- (Note) The total amount of dividends resolved at the General Meeting of Shareholders on June 25, 2024 includes a dividend of 4 million yen on the Company's shares held by the Stock Benefit Trust.

#### (Consolidated statements of cash flows)

- \* Reconciliation between the balance of cash and cash equivalents at the end of the fiscal year on the consolidated balance sheet and those on the consolidated statements of cash flows

	(Millions of yen)	
	Fiscal year ended March 31, 2023 (April 1, 2022 through March 31, 2023)	Fiscal year ended March 31, 2024 (April 1, 2023 through March 31, 2024)
Cash and deposits	72,948	103,216
Time deposits with maturity over three months	(15,103)	(10,150)
Cash and cash equivalents	57,845	93,065

#### (Leases)

##### (As lessee)

##### 1 Finance lease transactions

Finance lease transactions that do not transfer ownership

##### (1) Components of leased assets

##### Property, plant and equipment

Leased assets are principally vehicles (machinery, equipment and vehicles) in the transportation business.

##### (2) Accounting method for depreciation of leased assets

The straight-line method with no residual value is applied, regarding the term as useful life.

## 2 Operating lease transactions

Future lease payments to be received under non-cancellable leases of operating lease transactions

	(Millions of yen)	
	Fiscal year ended March 31, 2023 (As of March 31, 2023)	Fiscal year ended March 31, 2024 (As of March 31, 2024)
Within 1 year	128	127
Over 1 year	72	309
Total	201	437

## 3 Impairment losses

There is no impairment loss allocated to leased asset.

(Financial instruments)

### 1 Status of financial instruments

#### (1) Policy for financial instruments

The Group limits its fund management to short-term deposits, etc. It also procures funds for short-term working capital through borrowings from financial institutions and the issue of commercial papers. Derivatives are used to avoid the risks mentioned below and it is corporate policy not to engage in speculative transactions.

#### (2) Details and risks of financial instruments

Notes and accounts receivable - trade, which are trade receivables, are subject to customer credit risk. In addition, as the Group develops and operates and its business around the world, trade receivables denominated in foreign currencies arising from the global operation are exposed to the risk of fluctuations in foreign exchange rates. However, the Group's export transactions, which occupy large part of such trade receivables, are conducted within a reasonable limits based on its export performance and are hedged using forward exchange contracts. Shares, which are investment securities, are exposed to the risk of fluctuations in market price. However, they are mainly shares of companies with which we have business relationships, and their fair values, determined on a quarterly basis, are reported to the Board of Directors.

Most of the trade payables, such as notes and accounts payable - trade and electronically recorded obligations - operating, have payment due within one year. Some of them are denominated in foreign currencies and are exposed to the risk of exchange rate fluctuations, but are always within the range of the accounts receivable balance denominated in the same foreign currency. Borrowings and commercial paper are intended to raise funds necessary for working capital and capital investments. Of which, some with floating interest rates are exposed to the risk of interest rate fluctuations, but we hedge these risks using derivative instruments (interest rate swap transactions).

#### (3) Risk management framework for financial instruments

##### (i) Management of credit risk (the risk of contractual counterparty default, etc.)

In accordance with the Accounts Receivable Management Regulations, the Group manages due dates and balances for each customer and business partner and regularly and systematically monitors their credit status.

##### (ii) Management of market risk (the risk of fluctuations in exchange rates and interest rates, etc.)

The Group uses foreign exchange forward contracts for a certain percentage of its foreign currency-denominated accounts receivable and borrowings to hedge the risk of exchange rate fluctuations.

In addition, with regard to long-term borrowings, we execute swap transactions to fix interest payments on floating-rate borrowings, so there is no risk of interest rate fluctuations.

- (iii) Management of liquidity risk associated with financing (the risk that the Group will be unable to pay by the due date)

The Group manages liquidity risk by having the Financial Department prepare and update cash flow plans in a timely manner based on reports from each department.

- (4) Supplementary explanation of fair value, etc. of financial instruments

Not applicable.

## 2 Fair value, etc. of financial instruments

The amounts recorded on the consolidated balance sheet, fair values and the differences between them are as follows. Notes are omitted because cash and deposits, notes and accounts receivable - trade, notes and accounts payable - trade, electronically recorded obligations - operating, short-term borrowings, income taxes payable, notes payable - facilities are settled in the short term and their fair values approximate their book values.

Fiscal year ended March 31, 2023 (As of March 31, 2023)

(Millions of yen)

	Amount recorded on the consolidated balance sheet	Fair value	Difference
(1) Investment securities (*1)			
Available-for-sale securities	51,079	51,079	–
Held-to-maturity securities	200	198	(1)
(2) Long-term loans receivable	1,796	1,811	14
Total assets	53,076	53,089	13
(3) Bonds payable	11,000	10,969	(30)
(4) Long-term borrowings	17,090	17,061	(28)
(5) Lease liabilities (*2)	1,244	1,226	(17)
Total liabilities	29,334	29,258	(75)
Derivatives (*3)	–	–	–

- (\*1) Shares, etc. without market prices are not included in “(1) Investment securities.” The carrying amount of these financial instruments on the consolidated balance sheet are as follows.

(Millions of yen)

Category	Amount recorded on the consolidated balance sheet
Shares of subsidiaries and associates (unlisted)	9,029
Other unlisted shares	1,977

- (\*2) The amount of Lease liabilities here are the sum of lease liabilities (under Current liabilities) and lease liabilities (under Non-current liabilities).

- (\*3) See notes to “Derivatives.”

Fiscal year ended March 31, 2024 (As of March 31, 2024)

(Millions of yen)

	Amount recorded on the consolidated balance sheet	Fair value	Difference
(1) Investment securities (*1)			
Available-for-sale securities	60,393	60,393	–
Held-to-maturity securities	400	398	(1)
(2) Long-term loans receivable	1,953	1,946	(6)
Total assets	62,746	62,738	(8)
(3) Bonds payable	12,000	11,930	(69)
(4) Long-term borrowings	22,009	21,962	(46)
(5) Lease liabilities (*2)	1,420	1,372	(47)
Total liabilities	35,429	35,265	(163)
Derivatives (*3)	–	–	–

(\*1) Shares, etc. without market prices are not included in “(1) Investment securities.” The carrying amount of these financial instruments on the consolidated balance sheet are as follows.

(Millions of yen)

Category	Amount recorded on the consolidated balance sheet
Shares of subsidiaries and associates (unlisted)	10,737
Other unlisted shares	1,961

(\*2) The amount of Lease liabilities here are the sum of lease liabilities (under Current liabilities) and lease liabilities (under Non-current liabilities).

(\*3) See notes to “Derivatives.”

Note 1: Scheduled redemption amounts of monetary claims and securities with a maturity date after the fiscal year end

Fiscal year ended March 31, 2023 (As of March 31, 2023)

(Millions of yen)

	Within 1 year	Over 1 year within 5 years	Over 5 years within 10 years	Over 10 years
Cash and deposits	72,948	–	–	–
Notes and accounts receivable - trade	146,792	–	–	–
Held-to-maturity securities	–	100	100	–
Long-term loans receivable	–	1,675	104	16
Total	219,741	1,775	204	16

Fiscal year ended March 31, 2024 (As of March 31, 2024)

(Millions of yen)

	Within 1 year	Over 1 year within 5 years	Over 5 years within 10 years	Over 10 years
Cash and deposits	103,216	–	–	–
Notes and accounts receivable - trade	165,639	–	–	–
Held-to-maturity securities	–	200	200	–
Long-term loans receivable	–	1,826	98	28
Total	268,855	2,026	298	28

Note 2: Scheduled repayment amounts of bonds, long-term borrowings, lease obligations and other interest-bearing liabilities after the fiscal year end

Fiscal year ended March 31, 2023 (As of March 31, 2023)

(Millions of yen)

	Within 1 year	Over 1 year within 2 years	Over 2 years within 3 years	Over 3 years within 4 years	Over 4 years within 5 years	Over 5 years
Short-term borrowings	21,167	–	–	–	–	–
Bonds payable	–	–	–	10,000	1,000	–
Long-term borrowings	–	3,690	11,300	800	1,300	–
Lease liabilities	484	350	234	136	36	1
Total	21,652	4,040	11,534	10,936	2,336	1

Fiscal year ended March 31, 2024 (As of March 31, 2024)

(Millions of yen)

	Within 1 year	Over 1 year within 2 years	Over 2 years within 3 years	Over 3 years within 4 years	Over 4 years within 5 years	Over 5 years
Short-term borrowings	11,985	–	–	–	–	–
Bonds payable	–	–	10,000	1,000	1,000	–
Long-term borrowings	–	14,894	3,415	2,900	800	–
Lease liabilities	550	316	230	265	56	–
Total	12,535	15,210	13,645	4,165	1,856	–

### 3 Breakdown of financial instruments by level of fair value

The fair value of financial instruments is categorized into the following three levels based on the observability and significance of the inputs used to measure fair value.

- Level 1: Fair values measured using observable inputs that are market prices formed in active markets for the assets or liabilities for which fair value is to be measured
- Level 2: Fair values measured using observable inputs other than those used to calculate Level 1 fair value
- Level 3: Fair values measured using unobservable inputs

When multiple inputs that have a significant impact on the measurement of fair value are used, the fair value is categorized to the level with the lowest priority in the measurement of fair value among the levels to which each input belongs.

#### (1) Financial instruments recorded in the consolidated balance sheet at fair value

Fiscal year ended March 31, 2023 (As of March 31, 2023)

(Millions of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities	51,079	–	–	51,079
Total assets	51,079	–	–	51,079
Derivatives	–	–	–	–
Total liabilities	–	–	–	–

Fiscal year ended March 31, 2024 (As of March 31, 2024)

(Millions of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities	60,393	–	–	60,393
Total assets	60,393	–	–	60,393
Derivatives	–	–	–	–
Total liabilities	–	–	–	–

(2) Financial instruments other than those recorded in the consolidated balance sheet at fair value

Fiscal year ended March 31, 2023 (As of March 31, 2023)

(Millions of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Held-to-maturity securities				
Government bonds, local government bonds, etc.	–	198	–	198
Long-term loans receivable	–	1,811	–	1,811
Total assets	–	2,009	–	2,009
Bonds payable	–	10,969	–	10,969
Long-term borrowings	–	17,061	–	17,061
Lease liabilities	–	1,226	–	1,226
Total liabilities	–	29,258	–	29,258

Fiscal year ended March 31, 2024 (As of March 31, 2024)

(Millions of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Held-to-maturity securities				
Government bonds, local government bonds, etc.	–	398	–	398
Long-term loans receivable	–	1,946	–	1,946
Total assets	–	2,345	–	2,345
Bonds payable	–	11,930	–	11,930
Long-term borrowings	–	21,962	–	21,962
Lease liabilities	–	1,372	–	1,372
Total liabilities	–	35,265	–	35,265

(Note) Explanation of the valuation techniques and inputs used to calculate fair value

Investment securities

Fair values of listed stocks held by the Company, which are determined by using quoted prices at stock exchanges, are categorized as Level 1 since they are traded in active markets. However, because the markets for the local government bonds held by the Company are not regarded as active markets due to the low frequency of transactions, their fair value is classified as Level 2.

Derivatives

The fair value of derivatives is measured based on the prices presented by financial institutions with which the Group has transaction contracts, and is classified as Level 2.

The fair value of interest rate swaps that are accounted for using exceptional accounting is included in that of corresponding long-term borrowings, since those interest rate swaps are treated as an adjustment to the long-term borrowings as hedged items.

#### Long-term loans receivable

The fair value of long-term loans receivable is measured based on the present value of the expected amount of principal and interest to be received, which reflects the likelihood of recovery, discounted at an appropriate interest rate such as government bond yields, and are classified as Level 2.

#### Bonds payable

For bonds payable issued by the Company, the fair value of public issues is calculated based on the reference trading statistics published by the Japan Securities Dealers Association, while that of privately placed bonds is calculated by discounting the fair value at a reasonably estimated interest rate that would be applied if a similar bond was issued because they are fully underwritten by the financial institutions involved. Both are classified as Level 2.

#### Long-term borrowings

The fair value of long-term borrowings is measured based on the total amount of principal and interest discounted at the interest rate expected to be applied if similar new borrowings were made. As some long-term borrowings are subject to exceptional accounting of interest rate swaps, the fair value thereof is calculated by discounting the total of principal and interest that were treated as a part of the interest rate swaps at an estimated interest rate that would be applied if similar borrowings were newly made, and is classified as Level 2.

#### Lease liabilities

The fair value of lease liabilities is measured using the discounted cash flow method based on the total amount of principals and interests, the remaining period of such liabilities, and an interest rate obtained by adding credit risk, and is classified as Level 2.

### (Securities)

#### 1 Securities - trading

Fiscal year ended March 31, 2023 (As of March 31, 2023)

Not applicable.

Fiscal year ended March 31, 2024 (As of March 31, 2024)

Not applicable.

#### 2 Held-to-maturity securities

Fiscal year ended March 31, 2023 (As of March 31, 2023)

(Millions of yen)

Category		Amount recorded on the consolidated balance sheet	Fair value	Difference
Securities whose fair value exceeds amount recorded on the consolidated balance sheets	(i) Government bonds, local government bonds, etc.	–	–	–
	(ii) Bonds payable	–	–	–
	(iii) Other	–	–	–
Subtotal		–	–	–
Securities whose fair value does not exceed amount recorded on the consolidated balance sheets	(i) Government bonds, local government bonds, etc.	200	198	(1)
	(ii) Bonds payable	–	–	–
	(iii) Other	–	–	–
Subtotal		200	198	(1)
Total		200	198	(1)



Fiscal year ended March 31, 2024 (As of March 31, 2024)

(Millions of yen)

Category		Amount recorded on the consolidated balance sheet	Fair value	Difference
Securities whose fair value exceeds amount recorded on the consolidated balance sheets	(i) Government bonds, local government bonds, etc.	200	201	1
	(ii) Bonds payable	–	–	–
	(iii) Other	–	–	–
Subtotal		200	201	1
Securities whose fair value does not exceed amount recorded on the consolidated balance sheets	(i) Government bonds, local government bonds, etc.	200	197	(2)
	(ii) Bonds payable	–	–	–
	(iii) Other	–	–	–
Subtotal		200	197	(2)
Total		400	398	(1)

3 Available-for-sale securities

Fiscal year ended March 31, 2023 (As of March 31, 2023)

(Millions of yen)

Category		Amount recorded on the consolidated balance sheet	Acquisition cost	Difference
Securities whose amount recorded on the consolidated balance sheets exceeds acquisition cost	(i) Shares	50,909	11,735	39,174
	(ii) Bonds	–	–	–
	(iii) Other	–	–	–
Subtotal		50,909	11,735	39,174
Securities whose amount recorded on the consolidated balance sheets do not exceed acquisition cost	(i) Shares	170	184	(14)
	(ii) Bonds	–	–	–
	(iii) Other	–	–	–
Subtotal		170	184	(14)
Total		51,079	11,920	39,159

(Note) For impairment of securities, an impairment loss is recorded when the fair value of a security falls by 50% or more compared to its acquisition cost except where it is deemed possible that the fair value will be recovered. If the decline rate is between 30% and 50%, we determine whether the market value is likely to recover and record an impairment loss if it is determined that there is no possibility of recovery.

Fiscal year ended March 31, 2024 (As of March 31, 2024)

(Millions of yen)

Category		Amount recorded on the consolidated balance sheet	Acquisition cost	Difference
Securities whose amount recorded on the consolidated balance sheets exceeds acquisition cost	(i) Shares	60,393	10,956	49,436
	(ii) Bonds	—	—	—
	(iii) Other	—	—	—
Subtotal		60,393	10,956	49,436
Securities whose amount recorded on the consolidated balance sheets do not exceed acquisition cost	(i) Shares	—	—	—
	(ii) Bonds	—	—	—
	(iii) Other	—	—	—
Subtotal		—	—	—
Total		60,393	10,956	49,436

(Note) For impairment of securities, an impairment loss is recorded when the fair value of a security falls by 50% or more compared to its acquisition cost except where it is deemed possible that the fair value will be recovered. If the decline rate is between 30% and 50%, we determine whether the market value is likely to recover and record an impairment loss if it is determined that there is no possibility of recovery.

4 Available-for-sale securities sold

Fiscal year ended March 31, 2023 (April 1, 2022 through March 31, 2023)

(Millions of yen)

Category	Proceeds from sales	Total gain on sales	Total loss on sales
(1) Shares	75	18	26
(2) Bonds			
(i) Government bonds, local government bonds, etc.	—	—	—
(ii) Bonds payable	—	—	—
(iii) Other	—	—	—
(3) Other	—	—	—
Total	75	18	26

Fiscal year ended March 31, 2024 (April 1, 2023 through March 31, 2024)

(Millions of yen)

Category	Proceeds from sales	Total gain on sales	Total loss on sales
(1) Shares	17,085	16,119	15
(2) Bonds			
(i) Government bonds, local government bonds, etc.	—	—	—
(ii) Bonds payable	—	—	—
(iii) Other	—	—	—
(3) Other	—	—	—
Total	17,085	16,119	15

5 Securities for which impairment losses were recognized

Fiscal year ended March 31, 2023 (April 1, 2022 through March 31, 2023)

For Fiscal year ended March 31, 2024, impairment loss of ¥53 million was recorded for investment securities (available-for-sale securities).

Fiscal year ended March 31, 2024 (April 1, 2023 through March 31, 2024)

For Fiscal year ended March 31, 2024, no impairment loss was recognized for investment securities.

(Derivatives)

1 Derivatives to which hedge accounting is not applied

Currency derivatives

Fiscal year ended March 31, 2023 (As of March 31, 2023)

Not applicable.

Fiscal year ended March 31, 2024 (As of March 31, 2024)

Not applicable.

2 Derivatives of which hedge accounting is applied

Interest rate related

Fiscal year ended March 31, 2023 (As of March 31, 2023)

(Millions of yen)

Hedge accounting method	Type, etc. of derivatives	Major hedged items	Contract amount, etc.	Contract amount, etc. of over 1 year	Fair value
Exceptional accounting for interest rate swaps	Interest rate swaps transactions Payment: fixed / Receipt: floating	Borrowings	2,800	800	(Note)
Total			2,800	800	(Note)

(Note) The fair value of interest rate swaps that are accounted for using exceptional accounting is included in that of corresponding long-term borrowings, since those interest rate swaps are treated as an adjustment to the long-term borrowings as hedged items.

Fiscal year ended March 31, 2024 (As of March 31, 2024)

(Millions of yen)

Hedge accounting method	Type, etc. of derivatives	Major hedged items	Contract amount, etc.	Contract amount, etc. of over 1 year	Fair value
Exceptional accounting for interest rate swaps	Interest rate swaps transactions Payment: fixed/Receipt: floating	Borrowings	800	–	(Note)
Total			800	–	(Note)

(Note) The fair value of interest rate swaps that are accounted for using exceptional accounting is included in that of corresponding long-term borrowings, since those interest rate swaps are treated as an adjustment to the long-term borrowings as hedged items.

(Retirement benefits)

1 Overview of retirement benefit plans adopted

The Company and its consolidated subsidiaries have corporate pension plans and lump-sum retirement benefit plans as defined benefit and defined contribution plans. They are primarily cash balance plans, with each participant having an individual virtual account. The employers monthly accumulate contribution credits plus interest credits based on market interest rate trends, etc. to the individual virtual account balance. In addition, the Company has established a retirement benefit trust in the corporate pension plan and lump-sum retirement benefit plan.

For lump-sum retirement benefit plans established by certain consolidated subsidiaries, retirement benefit liability and retirement benefit expenses are calculated by the simplified method.

Some consolidated subsidiaries participate in multiple employer defined benefit corporate pension fund plans. Of which, the plans whose employer is not able to reasonably calculate the amount of pension assets corresponding to the contributions made by it are accounted for in the same way as defined contribution plans.

2 Defined benefit plans

(1) Changes in the retirement benefit obligations during the years (excluding plans using a simplified method)

	(Millions of yen)	
	Fiscal year ended March 31, 2023 (April 1, 2022 through March 31, 2023)	Fiscal year ended March 31, 2024 (April 1, 2023 through March 31, 2024)
Retirement benefit obligations at beginning of period	57,769	56,287
Service cost	2,781	1,766
Interest cost	452	706
Actuarial gains and losses accrued	(3,336)	(1,309)
Retirement benefits paid	(2,868)	(3,476)
Past service cost accrued	89	-
Other	1,398	1,163
Balance of retirement benefit obligations at end of period	56,287	55,138

(2) Changes in the plan assets during the years (excluding plans using a simplified method)

	(Millions of yen)	
	Fiscal year ended March 31, 2023 (April 1, 2022 through March 31, 2023)	Fiscal year ended March 31, 2024 (April 1, 2023 through March 31, 2024)
Balance of plan assets at beginning of period	52,726	52,372
Expected return on plan assets	1,308	1,359
Actuarial gains and losses accrued	(1,248)	16,582
Contribution from employer	935	955
Retirement benefits paid	(1,349)	(1,645)
Other	0	10
Balance of plan assets at end of period	52,372	69,634

## (3) Changes in the retirement benefit obligations of plans using simplified method during period

(Millions of yen)

	Fiscal year ended March 31, 2023 (April 1, 2022 through March 31, 2023)	Fiscal year ended March 31, 2024 (April 1, 2023 through March 31, 2024)
Retirement benefit liability at beginning of period	4,019	4,179
Retirement benefit expenses	577	589
Retirement benefits paid	(271)	(189)
Contribution to plan	(145)	(143)
Retirement benefit liability at end of period	4,179	4,436

## (4) Reconciliation between ending balance of retirement benefit obligations and plan assets, and retirement benefit liability/asset recorded in the consolidated balance sheet

(Millions of yen)

	Fiscal year ended March 31, 2023 (As of March 31, 2023)	Fiscal year ended March 31, 2024 (As of March 31, 2024)
Retirement benefit obligations of funded plans	40,123	37,194
Plan assets	(52,372)	(69,634)
	(12,248)	(32,440)
Retirement benefit obligations of unfunded plans	20,343	22,380
Net amount of liabilities and assets recorded in the consolidated balance sheet	8,095	(10,059)
Retirement benefit liability	22,506	23,366
Retirement benefit asset	(14,410)	(33,426)
Net amount of liabilities and assets recorded in the consolidated balance sheet	8,095	(10,059)

(Note) Include plans to which the simplified method was applied.

## (5) Amounts of retirement benefit expenses and their components

(Millions of yen)

	Fiscal year ended March 31, 2023 (April 1, 2022 through March 31, 2023)	Fiscal year ended March 31, 2024 (April 1, 2023 through March 31, 2024)
Service cost	2,781	1,766
Interest cost	452	706
Expected return on plan assets	(1,308)	(1,359)
Amortization of actuarial gains or losses	356	247
Amortization of past service cost	109	19
Retirement benefit expenses calculated using the simplified method	577	589
Retirement benefit expenses for defined benefit plans	2,969	1,970

(6) Remeasurements of defined benefit plans

The components of remeasurements of defined benefit plans (before deduction of tax effects) are as follows.

	(Millions of yen)	
	Fiscal year ended March 31, 2023 (April 1, 2022 through March 31, 2023)	Fiscal year ended March 31, 2024 (April 1, 2023 through March 31, 2024)
Past service cost	(19)	(19)
Actuarial gains and losses	(2,398)	(18,290)
Total	(2,417)	(18,310)

(7) Remeasurements of defined benefit plans

The components of remeasurements of defined benefit plans (before deduction of tax effects) are as follows.

	(Millions of yen)	
	Fiscal year ended March 31, 2023 (As of March 31, 2023)	Fiscal year ended March 31, 2024 (As of March 31, 2024)
Unrecognized past service cost	117	97
Unrecognized actuarial gains and losses	(6,186)	(24,477)
Total	(6,069)	(24,379)

(8) Plan assets

(i) Major components of plan assets

The ratio of each major category to total plan assets is as follows.

	Fiscal year ended March 31, 2023 (As of March 31, 2023)	Fiscal year ended March 31, 2024 (As of March 31, 2024)
Shares	54%	64%
Bonds	22	17
General account	13	9
Other	11	10
Total	100	100

(Note) Total plan assets include 41% of retirement benefit trust for Fiscal year ended March 31, 2023 and 50% for Fiscal year ended March 31, 2024.

(ii) Method for setting the long-term expected rate of return on plan assets

To determine the long-term expected rate of return on plan assets, the Group takes into account current and expected allocation of plan assets, and current and expected long-term return rate on various types of assets constituting plan assets.

## (9) Actuarial assumptions

## Major actuarial assumptions

	Fiscal year ended March 31, 2023 (April 1, 2022 through March 31, 2023)	Fiscal year ended March 31, 2024 (April 1, 2023 through March 31, 2024)
Discount rate		
Japan	0.2%-0.9%	0.3%-1.2%
Overseas	1.4%-7.3%	2.4%-9.5%
Long-term expected rate of return		
Japan	2.0%-3.0%	1.5%-2.5%
Overseas	—	—

(Note) We mainly use the benefit formula method (a method that does not incorporate the element of future salary increases (point increases)).

## 3 Defined contribution plans

The amount of contribution required for the defined benefit plans at the Company and its consolidated subsidiaries (including multi-employer defined benefit plans, which are accounted for in the same way as defined contribution plans) was ¥1,747 million for the previous fiscal year and ¥1,704 million for the current fiscal year.

## (Tax effect accounting)

## 1 Major components of deferred tax assets and liabilities

## (Deferred tax assets)

	(Millions of yen)	
	Fiscal year ended March 31, 2023 (As of March 31, 2023)	Fiscal year ended March 31, 2024 (As of March 31, 2024)
Retirement benefit liability	6,227	6,093
Tax loss carryforwards (Note 1)	13,069	13,938
Accrued expenses	3,132	2,619
Depreciation and accumulated impairment	6,100	6,475
Provision for bonuses	3,195	3,414
Loss on valuation of investment securities and other	1,629	1,691
Loss on valuation of inventories	662	875
Other	5,681	5,975
Subtotal of deferred tax assets	39,698	41,084
Valuation allowances for tax loss carryforwards (Note 1)	(12,554)	(13,557)
Valuation allowance for total deductible temporary differences	(4,600)	(7,540)
Subtotal of valuation allowance	(17,155)	(21,098)
Total of deferred tax assets	22,542	19,986
Amount offset against deferred tax liabilities	12,381	9,917
Net deferred tax assets	10,161	10,068

## (Deferred tax liabilities)

(Millions of yen)

	Fiscal year ended March 31, 2023 (As of March 31, 2023)	Fiscal year ended March 31, 2024 (As of March 31, 2024)
Valuation difference on available-for-sale securities	(11,677)	(14,847)
Retirement benefit asset	(2,363)	(7,754)
Reserve for tax purpose reduction entry of non-current assets	(2,129)	(4,004)
Reserve for special account for tax purpose reduction entry of non-current assets	(2,516)	–
Other	(6,045)	(5,503)
Total of deferred tax liabilities	(24,732)	(32,111)
Amount offset against deferred tax assets	(12,381)	(9,917)
Net deferred tax liabilities	(12,351)	(22,193)

(Note) 1. Tax loss carryforwards and corresponding deferred tax assets by carryforward period

Fiscal year ended March 31, 2023 (As of March 31, 2023)

(Millions of yen)

	Within 1 year	Over 1 year within 2 years	Over 2 years within 3 years	Over 3 years within 4 years	Over 4 years within 5 years	Over 5 years	Total
Tax loss carryforwards (*1)	328	908	461	670	221	10,479	13,069
Valuation allowance	328	908	461	670	153	10,032	12,554
Deferred tax assets	–	–	–	–	68	446	515

Fiscal year ended March 31, 2024 (As of March 31, 2024)

(Millions of yen)

	Within 1 year	Over 1 year within 2 years	Over 2 years within 3 years	Over 3 years within 4 years	Over 4 years within 5 years	Over 5 years	Total
Tax loss carryforwards (*1)	766	719	398	425	680	10,947	13,938
Valuation allowance	766	719	398	425	611	10,635	13,557
Deferred tax assets	–	–	–	–	68	312	381

(\*1) Tax loss carryforwards are the amounts multiplied by the statutory tax rate.

## 2 Main components of the difference between the statutory tax rate and the effective income tax rate after application of tax-effect accounting

	Fiscal year ended March 31, 2023 (As of March 31, 2023)	Fiscal year ended March 31, 2024 (As of March 31, 2024)
Statutory tax rate of the reporting company	30.4%	–
(Adjustments)		
Different tax rates applied to subsidiaries	(3.7)	–
Entertainment and other expenses that are never tax deductible	1.6	–
Dividends and other income that is never taxable	(10.9)	–
Dividend income from consolidated subsidiaries and associates	12.4	–
R&D special tax credits	(2.4)	–
Investment tax credits	(4.5)	–
Difference in valuation allowance	(1.1)	–
Foreign tax credits	(0.4)	–
Other	2.4	–
Effective income tax rate after application of tax-effect accounting	23.9	–



(Note) Notes are omitted because the difference between the statutory tax rate and the effective income tax rate for the current fiscal year is 5% or less of the statutory tax rate.

(Asset retirement obligations)

Asset retirement obligations recorded in the consolidated balance sheet

(1) Overview of asset retirement obligations

They are liabilities related to the obligation to remove asbestos used in some property, plant and equipment using special methods required by the Ordinance on Prevention of Health Impairment due to Asbestos when removing them, and liabilities related to the obligation to restore some branch offices, sales offices, etc. to their original state based on real estate rental contracts when the office is vacated.

(2) Method of calculating asset retirement obligations

The amount of asset retirement obligations was calculated using the remaining useful life of the fixed asset as the expected period until expenditure occurs, and a discount rate of 2.1%.

(3) Changes in total asset retirement obligations during fiscal year

	(Millions of yen)	
	Fiscal year ended March 31, 2023 (April 1, 2022 through March 31, 2023)	Fiscal year ended March 31, 2024 (April 1, 2023 through March 31, 2024)
Beginning balance	573	588
Increase due to change of quotations	–	0
Adjustment due to passage of time	1	0
Decrease due to settlement of asset retirement obligations	(11)	(155)
Other increase (decrease)	26	23
Ending balance	588	458

(Revenue recognition)

1 Information on disaggregation of revenues from contracts with customers

Fiscal year ended March 31, 2023 (April 1, 2022 through March 31, 2023)

(Millions of yen)

	Reportable segment				Total
	Automotive suspension springs	Automotive seating	Precision springs and components	Industrial machinery and equipment, and other operations	
Net sales					
Japan	59,020	143,261	77,157	111,637	391,076
Asia	43,866	70,885	70,485	1,558	186,796
America, Europe & Others	43,960	59,639	11,772	–	115,373
Revenue from contracts with customers	146,847	273,787	159,415	113,196	693,246
Other revenue	–	–	–	–	–
Sales to external customers	146,847	273,787	159,415	113,196	693,246

(Note) 1 Sales by region are based on the location of companies which distribute products.

2 The countries are grouped depending on the geographical proximity.

3 Countries in the groups except Japan

(1) Asia...Thailand, Malaysia, China, India

(2) America, Europe & Others...U.S., Mexico, Netherlands, Hungary

Fiscal year ended March 31, 2024 (April 1, 2023 through March 31, 2024)

(Millions of yen)

	Reportable segment				Total
	Automotive suspension springs	Automotive seating	Precision springs and components	Industrial machinery and equipment, and other operations	
Net sales					
Japan	66,303	180,056	83,542	107,801	437,703
Asia	45,709	75,424	63,634	2,161	186,929
America, Europe & Others	59,135	68,641	14,525	–	142,301
Revenue from contracts with customers	171,148	324,122	161,701	109,962	766,934
Other revenue	–	–	–	–	–
Sales to external customers	171,148	324,122	161,701	109,962	766,934

- (Note) 1 Sales by region are based on the location of companies which distribute products.  
2 The countries are grouped depending on the geographical proximity.  
3 Countries in the groups except Japan  
(1) Asia...Thailand, Malaysia, China, India  
(2) America, Europe & Others...U.S., Mexico, Netherlands, Hungary

## 2 Information that provides basis for understanding revenue from contracts with customers

The Group recognizes revenue based on the following five-step approach.

Step 1: Identify the contract with the customer

Step 2: Identify the performance obligations in the contract.

Step 3: Determine the transaction price.

Step 4: Allocate the transaction price to separate performance obligations.

Step 5: Recognize revenue when (or as) each performance obligation is satisfied.

The Group's main business is the manufacture and sale of automobile-related products, such as automotive suspension springs, automotive seating and seat parts, and precision springs and components, as well as the sale of information equipment-related products and parts, and logistics and other service business activities related to these businesses.

The Group's performance obligation is primarily to supply finished products to customers. In principle, the performance obligations are deemed satisfied when control is transferred to the customer at the time of product delivery, and revenue is recognized at that time. For domestic sales, if the period from the time of shipment to the time when control of the products is transferred to the customer is a normal period, revenue is recognized at the time of shipment.

The transaction price is calculated by deducting discounts, rebates, etc. from the consideration promised in the contract with the customer.

In addition, the Company estimates variable consideration using the most likely method, etc. based on past experience and the latest information and recognizes only to the extent that it is highly probable that a significant reversal in revenue will not occur.

The consideration for these performance obligations is collected within approximately one year from the performance obligations are satisfied, in accordance with the payment conditions specified separately, and does not include any significant financing components.

Regarding charged supply transactions to subcontractors that fall under the repurchase agreements, the Group continues to recognize inventories for the supplies that remain at the subcontractors as financial transactions. In addition, the amount equivalent to the end-of-term inventory of the supplies that remains at the subcontractors is recognized as liabilities related to charged supply transactions. In the consolidated balance sheets, the liabilities related to charged supply transactions are included in "Other" under "Current liabilities." For charged supply transactions from suppliers, the Group recognized revenue in net amount.

3 Information on the relationship between the satisfaction of performance obligations based on contracts with customers and cash flow arising from these contracts, and information on the amount and timing of revenue expected to be recognized in future fiscal years from contracts existing at the end of the relevant fiscal year

(1) Contract balance

The balances of receivables, contract assets and contract liabilities arising from contracts with customers are as follows.

	Fiscal year ended March 31, 2023 (As of March 31, 2023)	Fiscal year ended March 31, 2024 (As of March 31, 2024)
(Millions of yen)		
Receivables from contracts with customers		
Notes and accounts receivable - trade	146,792	165,639
Contract assets	0	-
Contract liabilities		
Advances received	313	638
Unearned revenue	741	1,044

In the consolidated balance sheets, receivables and contract assets arising from contracts with customers are included in “Notes and accounts receivable - trade, and contract assets” under “Current assets,” while contract liabilities are included in “Other” under “Current liabilities.”

(2) Transaction prices allocated to remaining performance obligations

As the Group has no significant transactions whose expected contract periods exceeding one year, we use a practical expedient and omit information about remaining performance obligations.

In addition, there is no significant amount of consideration arising from contracts with customers that is not included in the transaction prices.

(Segment information, etc.)

[Segment Information]

1 Overview of reportable segments

The reportable segments of the Company are components of the Company for which discrete financial information is available and regularly reviewed by the Board of Directors to make decisions about allocation of managerial resources and to assess their performance.

The Company has four business segments based on the Company’s Production Division: Automotive Suspension Springs; Automotive Seating; Precision Springs and Components; and Industrial Machinery and Equipment, and Other Operations.

The major products in each business segment are as follows.

Reportable segment	Major products
Automotive suspension springs	Coil springs, leaf springs, stabilizer bars, accumulators, torsion bars, stabilizer links, stabilinker and others
Automotive seating	Seats, mechanical seating components, trim parts and others
Precision springs and components	HDD suspensions and mechanical components, wire springs, flat springs, motor cores, LCD/semiconductor testing probe units, fastener (screw), precision machine components and others
Industrial machinery and equipment, and other operations	Semiconductor processing products, ceramic products, spring mechanisms, pipe support systems, polyurethane products, metal substrates, automatic parking systems, security products, lighting equipment, golf club shafts and others

2 Method of calculating net sales, profit or loss, assets and other items by business segment

The accounting method for the operating segments that are reportable is the same as described in “Significant matters forming the basis for preparation of consolidated financial statements.”

Profit by business segment is based on operating profit.

3 Information on net sales, profit or loss, assets and other items by business segment

Fiscal year ended March 31, 2023 (April 1, 2022 through March 31, 2023)

(Millions of yen)

	Reportable segment					Adjustments	Total
	Automotive suspension springs	Automotive seating	Precision springs and components	Industrial machinery and equipment, and other operations	Total		
Net sales							
Sales to external customers	146,847	273,787	159,415	113,196	693,246	–	693,246
Intersegment sales or transfers	1,785	281	1,549	12,361	15,977	(15,977)	–
Total	148,633	274,069	160,964	125,557	709,223	(15,977)	693,246
Segment profit (loss)							
Operating profit (loss)	(2,734)	7,311	11,471	12,790	28,838	–	28,838
Segment assets	139,572	131,404	137,765	106,702	515,445	90,594	606,039
Other items							
Depreciation	6,656	5,516	11,384	3,550	27,107	1,772	28,879
Investments in equity method affiliates	2,787	5,308	3,079	–	11,175	–	11,175
Increase in property, plant and equipment and intangible assets	4,561	4,637	12,126	5,827	27,153	924	28,078

(Note) Adjustments are as follows.

- 1 The adjustment of 90,594 million yen for segment assets includes corporate assets that are not allocated to each business segment. Corporate assets consist mainly of cash and deposits that do not belong to a particular business segment.
- 2 Depreciation represents the amortization of the headquarters building, etc.
- 3 The adjustment of 924 million yen for increase in property, plant and equipment and intangible assets represents an increase in corporate assets that do not belong to a particular business segment.

Fiscal year ended March 31, 2024 (April 1, 2023 through March 31, 2024)

(Millions of yen)

	Reportable segment					Adjustments	Total
	Automotive suspension springs	Automotive seating	Precision springs and components	Industrial machinery and equipment, and other operations	Total		
Net sales							
Sales to external customers	171,148	324,122	161,701	109,962	766,934	–	766,934
Intersegment sales or transfers	1,877	274	1,640	12,623	16,415	(16,415)	–
Total	173,025	324,396	163,342	122,585	783,350	(16,415)	766,934
Segment profit (operating profit)	1,599	19,121	7,117	6,813	34,652	–	34,652
Segment assets	151,148	147,766	149,955	115,103	563,972	126,316	690,289
Other items							
Depreciation	6,348	5,648	11,129	3,573	26,698	1,972	28,671
Investments in equity method affiliates	3,127	6,074	3,933	–	13,134	–	13,134
Increase in property, plant and equipment and intangible assets	5,802	4,922	15,360	8,201	34,287	2,713	37,000

(Note) Adjustments are as follows.

- 1 The adjustment of 126,316 million yen for segment assets includes corporate assets that are not allocated to each business segment. Corporate assets consist mainly of cash and deposits that do not belong to a particular business segment.
- 2 Depreciation represents the amortization of the headquarters building, etc.
- 3 The adjustment of 2,713 million yen for increase in property, plant and equipment and intangible assets represents an increase in corporate assets that do not belong to a particular business segment.

[Reference Information]

Fiscal year ended March 31, 2023 (April 1, 2022 through March 31, 2023)

1 Information about products and services

The information is omitted because the same information is disclosed in “Segment information.”

2 Information about geographical areas

(1) Net sales

(Millions of yen)

Japan	United States	Thailand	Other	Total
341,621	117,455	139,931	94,238	693,246

(2) Property, plant and equipment

(Millions of yen)

Japan	United States	Thailand	Other	Total
94,824	25,982	20,382	25,080	166,269

3 Information about major customers

Information about major customers is omitted because no single customer accounts for 10% or more of the sales to external customers.

Fiscal year ended March 31, 2024 (April 1, 2023 through March 31, 2024)

1 Information about products and services

The information is omitted because the same information is disclosed in “Segment information.”

## 2 Information about geographical areas

### (1) Net sales

(Millions of yen)

Japan	United States	Thailand	Other	Total
388,428	135,331	150,464	92,710	766,934

### (2) Property, plant and equipment

(Millions of yen)

Japan	United States	Thailand	Other	Total
105,940	27,004	21,562	20,187	174,694

## 3 Information about major customers

Information about major customers is omitted because no single customer accounts for 10% or more of the sales to external customers.

[Information about Impairment Loss of Non-current Assets by Reportable Segment]

Fiscal year ended March 31, 2023 (April 1, 2022 through March 31, 2023)

(Millions of yen)

	Reportable segment					Corporate or elimination	Total
	Automotive suspension springs	Automotive seating	Precision springs and components	Industrial machinery and equipment, and other operations	Total		
Impairment losses	–	–	5,537	–	5,537	–	5,537

Fiscal year ended March 31, 2024 (April 1, 2023 through March 31, 2024)

(Millions of yen)

	Reportable segment					Corporate or elimination	Total
	Automotive suspension springs	Automotive seating	Precision springs and components	Industrial machinery and equipment, and other operations	Total		
Impairment losses	3,819	1,043	2,112	58	7,034	–	7,034

[Information about Amortization and Unamortized Balance of Goodwill by Reportable Segment]

Fiscal year ended March 31, 2023 (April 1, 2022 through March 31, 2023)

Not applicable.

Fiscal year ended March 31, 2024 (April 1, 2023 through March 31, 2024)

Not applicable.

[Related Party Information]

1 Transactions with related parties

(1) Transactions between the reporting company and related parties

Non-consolidated subsidiaries and associates of the reporting company

Fiscal year ended March 31, 2023 (April 1, 2022 through March 31, 2023)

Category	Name	Location	Share capital or investments in capital (Millions of yen)	Business or occupation	Ratio of owning (owned) voting rights, etc. (%)	Relationship with related parties	Transaction details	Amount (Millions of yen)	Account items	Balance at end of period (Millions of yen)
Associates	FAURECIA-NHK CO., LTD.	Naka-ku, Yokohama	400	Automotive seating business	Direct ownership 50%	Sale of products	Sale of products	20,730	Accounts receivable - trade	6,424

- (Note) 1. Transaction terms and method of determining transaction terms, etc.  
Transaction prices of sales to each of the above-mentioned companies are determined based on the market prices, etc.
2. Allowance for doubtful accounts of 449 million yen is recorded against long-term loans to affiliated companies.  
Reversal of allowance for doubtful accounts of 39 million yen is recorded for the current fiscal year.

Fiscal year ended March 31, 2024 (April 1, 2023 through March 31, 2024)

Category	Name	Location	Share capital or investments in capital (Millions of yen)	Business or occupation	Ratio of owning (owned) voting rights, etc. (%)	Relationship with related parties	Transaction details	Amount (Millions of yen)	Account items	Balance at end of period (Millions of yen)
Associates	FAURECIA-NHK CO., LTD.	Naka-ku, Yokohama	400	Automotive seating business	Direct ownership 50%	Sale of products	Sale of products	23,088	Accounts receivable - trade	6,582

- (Note) 1. Transaction terms and method of determining transaction terms, etc.  
Transaction prices of sales to each of the above-mentioned companies are determined based on the market prices, etc.
2. Allowance for doubtful accounts of 344 million yen is recorded against long-term loans to affiliated companies.  
Reversal of allowance for doubtful accounts of 104 million yen is recorded for the current fiscal year.

(2) Transactions between the consolidated subsidiaries of the reporting company and related parties

Non-consolidated subsidiaries and associates of the reporting company

Fiscal year ended March 31, 2023 (April 1, 2022 through March 31, 2023)

Category	Name	Location	Share capital or investments in capital (Millions of yen)	Business or occupation	Ratio of owning (owned) voting rights, etc. (%)	Relationship with related parties	Transaction details	Amount (Millions of yen)	Account items	Balance at end of period (Millions of yen)
Associates	FAURECIA-NHK CO., LTD.	Naka-ku, Yokohama	400	Automotive seating business	Direct ownership 50%	Sale of products	Sale of products	31,230	Accounts receivable - trade	6,143

- (Note) Transaction terms and method of determining transaction terms, etc.  
Transaction prices of sales to each of the above-mentioned companies are determined based on the market prices, etc.

Fiscal year ended March 31, 2024 (April 1, 2023 through March 31, 2024)

Category	Name	Location	Share capital or investments in capital (Millions of yen)	Business or occupation	Ratio of owning (owned) voting rights, etc. (%)	Relationship with related parties	Transaction details	Amount (Millions of yen)	Account items	Balance at end of period (Millions of yen)
Associates	FAURECIA-NHK CO., LTD.	Naka-ku, Yokohama	400	Automotive seating business	Direct ownership 50%	Sale of products	Sale of products	46,384	Accounts receivable - trade	7,260

(Note) Transaction terms and method of determining transaction terms, etc.

Transaction prices of sales to each of the above-mentioned companies are determined based on the market prices, etc.

2 Notes regarding parent company and major associates

Fiscal year ended March 31, 2023 (April 1, 2022 through March 31, 2023)

Not applicable.

Fiscal year ended March 31, 2024 (April 1, 2023 through March 31, 2024)

Not applicable.

(Per Share Information)

Net assets per share, basis for calculation of net assets per share, net income per share and basis for calculation of net income per share are as follows.

Item	Fiscal year ended March 31, 2023 (As of March 31, 2023)	Fiscal year ended March 31, 2024 (As of March 31, 2024)
(1) Net assets per share	1,541.70 yen	1,828.86 yen
(Basis for calculation)		
Total net assets (Millions of yen)	365,860	420,574
Amount deducted from total net assets (Millions of yen)	16,638	15,552
(Of which, non-controlling interests)	[16,638]	[15,552]
Net assets related to common share at end of period (Millions of yen)	349,221	405,021
Number of common shares issued (Thousand shares)	244,066	244,066
Number of common shares held in treasury (Thousand shares)	17,548	22,604
Number of common shares used in calculation of net assets per share at end of period (Thousand shares)	226,517	221,461



Item	Fiscal year ended March 31, 2023 (April 1, 2022 through March 31, 2023)	Fiscal year ended March 31, 2024 (April 1, 2023 through March 31, 2024)
(2) Net income per share	94.50 yen	173.27 yen
(Basis for calculation)		
Profit attributable to owners of parent on the consolidated statements of income (Millions of yen)	21,537	39,188
Amount not attributable to common shareholders (Millions of yen)	–	–
Profit attributable to owners of parent pertaining to common shares (Millions of yen)	21,537	39,188
Average number of common shares during the period (Thousands of shares)	227,914	226,171

(Note) 1 Information on diluted earnings per share is omitted due to an absence of potential shares.

2 The Company has introduced a Board Benefit Trust (BBT) system for directors of the Company (excluding external directors) starting the previous fiscal year.

The Company's shares held by the Stock Benefit Trust Account are included in treasury stock which are deducted from the total number of shares issued and outstanding at the end of the fiscal year in the calculation of "net assets per share" (200,000 shares in the previous fiscal year, 196,000 shares in the current fiscal year). In the calculation of "net income per share," such shares are included in treasury shares which are deducted from the calculation of the average number of shares during the period (121,000 shares in the previous fiscal year, 197,000 shares in the current fiscal year).

#### (Significant subsequent events)

##### (Change in segment classification)

The Company resolved to implement the 2026 Medium-Term Management Plan, covering the period from FY2024 to FY2026, at the Board of Directors meeting on May 15, 2024.

The Group has set forth "Respect for People & contribute to society" and "Further promotion of sustainability" as its new basic principles. Based on the Medium-Term Management Plan, decision-making on resource allocation, performance management classification, and the structure for reporting to management will be revised to a form more aligned with business realities. The classification of reporting segments will change from the existing "Automotive Suspension Springs Business," "Automotive Seating Business," "Precision Springs and Components Business," and "Industrial Machinery and Equipment, and Other Operations Business" to "Automotive Suspension Springs Business," "Automotive Seating Business," "Precision Springs and Components Business," "DDS (Disk Drive Suspension) Business," and "Industrial Machinery and Equipment, and Other Operations Business."

The major products in each business segment after such change are as follows.

Reportable segment	Major products
Automotive suspension springs	Coil springs, leaf springs, stabilizer bars, accumulators, torsion bars, stabilizer links, stabilinker and others
Automotive seating	Seats, mechanical seating components, trim parts and others
Precision springs and components	HDD mechanical components, wire springs, flat springs, motor cores, fastener (screw), precision machine components and others
DDS	HDD suspensions, LCD/semiconductor testing probe units and others
Industrial machinery and equipment, and other operations	Semiconductor processing products, ceramic products, spring mechanisms, pipe support systems, polyurethane products, metal substrates, automatic parking systems, security products, lighting equipment, golf club shafts and others

Information related to net sales and profit or loss by reporting segment in the current fiscal year based on the segment classification after the change is as follows.

Fiscal year ended March 31, 2024 (April 1, 2023 through March 31, 2024)

Information on net sales and profit or loss by business segment

(Millions of yen)

	Reportable segment						Adjustments	Total
	Automotive suspension springs	Automotive seating	Precision springs and components	DDS	Industrial machinery and equipment, and other operations	Total		
Net sales								
Sales to external customers	171,148	324,122	94,501	67,199	109,962	766,934	–	766,934
Intersegment sales or transfers	1,877	274	2,202	–	12,623	16,977	(16,977)	–
Total	173,025	324,396	96,704	67,199	122,585	783,912	(16,977)	766,934
Segment profit (operating profit)	1,599	19,121	660	6,456	6,813	34,652	–	34,652
Segment assets	151,148	147,766	95,092	54,862	115,103	563,972	126,316	690,289
Other items								
Depreciation	6,348	5,648	4,771	6,357	3,573	26,698	1,972	28,671
Investments in equity method affiliates	3,127	6,074	3,933	–	–	13,134	–	13,134
Increase in property, plant and equipment and intangible assets	5,802	4,922	10,766	4,594	8,201	34,287	2,713	37,000

(Note) Adjustments are as follows.

- 1 The adjustment of 126,316 million yen for segment assets includes corporate assets that are not allocated to each business segment. Corporate assets consist mainly of cash and deposits that do not belong to a particular business segment.
- 2 Depreciation represents the amortization of the headquarters building, etc.
- 3 The adjustment of 2,713 million yen for increase in property, plant and equipment and intangible assets represents an increase in corporate assets that do not belong to a particular business segment.

## (v) Annexed Consolidated Detailed Schedules

## [Consolidated Detailed Schedule of Corporate Bonds]

Name of companies	Issue	Date of issuance	Balance at beginning of period (Millions of yen)	Balance at end of period (Millions of yen)	Interest rate (%)	Collateral	Maturity
NHK SPRING CO., LTD.	9th Series Unsecured Bonds (with inter-bond pari passu clause)	September 21, 2021	10,000 [-]	10,000 [-]	0.12	-	September 18, 2026
NHK SPRING CO., LTD.	10th Series Unsecured Bond (guaranteed by The Hachijuni Bank Ltd. and limited to qualified institutional investors)	February 28, 2023	1,000 [-]	1,000 [-]	0.62	-	February 28, 2028
NHK SPRING CO., LTD.	11th Series Unsecured Bond (guaranteed by The Hachijuni Bank Ltd. and limited to qualified institutional investors)	October 31, 2023	-	1,000 [-]	0.74	-	October 31, 2028
Total	-	-	11,000 [-]	12,000 [-]	-	-	-

(Note) 1 The amount in parentheses in “Balance at end of period” column is the amount scheduled to be redeemed within one year.

2 The scheduled amount of redemption of bonds within five years after the fiscal year-end date on a yearly basis

(Millions of yen)

Within 1 year	Over 1 year within 2 years	Over 2 years within 3 years	Over 3 years within 4 years	Over 4 years within 5 years
-	-	10,000	1,000	1,000

## [Consolidated Detailed Schedule of Borrowings]

Category	Balance at beginning of period (Millions of yen)	Balance at end of period (Millions of yen)	Average interest rate (%)	Payment due
Short-term borrowings	13,147	4,701	1.026	-
Current portion of long-term borrowings	8,020	7,284	0.262	-
Current portion of lease liabilities	484	550	-	-
Long-term borrowings (excluding current portion)	17,090	22,009	0.287	FY2025 through FY2028
Lease liabilities (excluding current portion)	759	869	-	FY2025 through FY2029
Total	39,501	35,414	-	-

(Note) 1 “Average interest rate” represents weighted average interest rate with respect to the ending balance of borrowings, etc.

2 The repayment schedule of long-term borrowings (excluding current portion) and lease obligations (excluding current portion) within five years after the fiscal year-end date is as follows:

(Millions of yen)

Category	Over 1 year within 2 years	Over 2 years within 3 years	Over 3 years within 4 years	Over 4 years within 5 years
Long-term borrowings	14,894	3,415	2,900	800
Lease liabilities	316	230	265	56

3 As the current portion of lease liabilities and the lease liabilities (excluding those due within one year) are presented using the interest-inclusive method at some subsidiaries, “Average interest rate” is not stated.

[Consolidated Detailed Schedule of Asset Retirement Obligations]

The information is omitted, because the amounts of asset retirement obligations at the beginning and the end of the current fiscal year were not more than 1% of the total of liabilities and net assets at the beginning and the end of the current fiscal year, respectively.

(2) Other

(i) Quarterly information for the current fiscal year

(Cumulative period)		First quarter	Second quarter	Third quarter	Fiscal year ended March 31, 2024
Net sales	(Millions of yen)	179,293	362,195	562,288	766,934
Quarterly profit before income taxes	(Millions of yen)	10,285	20,110	29,806	56,825
Quarterly profit attributable to owners of parent	(Millions of yen)	7,151	14,351	20,981	39,188
Quarterly basic earnings per share	(Yen)	31.57	63.36	92.62	173.27
(Accounting period)		First quarter	Second quarter	Third quarter	Fourth quarter
Basic earnings per share (Yen)	(Yen)	31.57	31.78	29.27	80.88

(ii) Litigation

In July 2019, the Company entered into a plea agreement with the U.S. Department of Justice and paid a penalty for violating the U.S. Sherman Act (antitrust law) regarding the manufacture and sale of suspensions for hard disk drives (HDDs).

For this case, consumer class actions seeking damages have been filed in the United States and Canada.

## 2. Non-consolidated Financial Statements and Primary Notes

### (1) Non-consolidated financial statements

#### (i) Non-consolidated Balance Sheets

(Millions of yen)

	Fiscal year ended March 31, 2023 (As of March 31, 2023)	Fiscal year ended March 31, 2024 (As of March 31, 2024)
<b>Assets</b>		
Current assets		
Cash and deposits	16,058	32,084
Notes receivable - trade	*1 2,484	*1, *3 6,640
Accounts receivable - trade, and contract assets	*1 70,346	*1 72,858
Accounts receivable - other	20,996	18,790
Short-term loans receivable	*1 23,747	*1 31,033
Merchandise and finished goods	12,147	8,478
Work in process	6,079	6,938
Raw materials and supplies	6,733	7,020
Partly-finished goods	6,636	7,577
Prepaid expenses	1,937	1,924
Other	*1 5,678	*1 8,694
Allowance for doubtful accounts	(32)	(37)
<b>Total current assets</b>	<b>172,813</b>	<b>202,003</b>
Non-current assets		
Property, plant and equipment		
Buildings	19,683	26,715
Structures	771	1,052
Machinery and equipment	16,828	18,211
Vehicles	152	157
Tools, furniture and fixtures	2,476	2,936
Land	11,248	11,275
Construction in progress	6,401	8,245
<b>Total property, plant and equipment</b>	<b>57,562</b>	<b>68,594</b>
Intangible assets		
Software	227	245
Other	3	2
<b>Total intangible assets</b>	<b>230</b>	<b>247</b>
Investments and other assets		
Investment securities	50,533	59,354
Shares of subsidiaries and associates	53,640	54,899
Investments in capital of subsidiaries and associates	12,625	12,625
Long-term loans to employees	0	-
Long-term loans to subsidiaries and associates	*1 34,207	*1 31,668
Long-term prepaid expenses	127	68
Prepaid pension costs	9,869	11,350
Other	469	507
Allowance for doubtful accounts	(2,324)	(1,981)
<b>Total investments and other assets</b>	<b>159,150</b>	<b>168,493</b>
<b>Total non-current assets</b>	<b>216,942</b>	<b>237,336</b>
<b>Total assets</b>	<b>389,756</b>	<b>439,340</b>

(Millions of yen)

	Fiscal year ended March 31, 2023 (As of March 31, 2023)		Fiscal year ended March 31, 2024 (As of March 31, 2024)	
<b>Liabilities</b>				
Current liabilities				
Notes payable - trade		8		16
Electronically recorded obligations - operating	*1	11,049	*1	12,286
Accounts payable - trade	*1	62,535	*1	63,443
Short-term borrowings		57,986		62,373
Current portion of long-term borrowings		8,020		7,284
Accounts payable - other	*1	3,792	*1	4,709
Accrued expenses	*1	6,226	*1	6,452
Income taxes payable		285		6,758
deposit received	*1	1,127	*1	1,297
Provision for bonuses		5,921		6,145
Provision for bonuses for directors (and other officers)		105		108
Other		307		282
Total current liabilities		157,366		171,156
Non-current liabilities				
Bonds payable		11,000		12,000
Long-term borrowings		17,090		22,009
Deferred tax liabilities		4,892		6,990
Provision for transfer pricing adjustments		12,275		16,707
Provision for stock benefit for directors		12		26
Provision for officers' retirement benefits		658		659
Long-term accounts payable - other		39		38
Total non-current liabilities		45,968		58,433
Total liabilities		203,335		229,590
Net assets				
Shareholders' equity				
Share capital		17,009		17,009
Capital surplus				
Legal capital surplus		17,295		17,295
Other capital surplus		2,024		2,024
Total capital surplus		19,319		19,319
Retained earnings				
Legal retained earnings		3,633		3,633
Other retained earnings				
Reserve for tax purpose reduction entry of non-current assets		3,726		7,147
Reserve for special account for tax purpose reduction entry of non-current assets		4,875		–
Retained earnings brought forward		127,024		152,681
Total retained earnings		139,260		163,462
Treasury shares		(15,617)		(22,969)
Total shareholders' equity		159,972		176,822
Valuation and translation adjustments				
Valuation difference on available-for-sale securities		26,448		32,927
Total valuation and translation adjustments		26,448		32,927
Total net assets		186,421		209,750
Total liabilities and net assets		389,756		439,340

## (ii) Non-consolidated Statements of Income

(Millions of yen)

	Fiscal year ended March 31, 2023 (April 1, 2022 through March 31, 2023)		Fiscal year ended March 31, 2024 (April 1, 2023 through March 31, 2024)	
Net sales	*3	293,223	*3	321,540
Cost of sales	*3	255,652	*1, *3	289,884
Gross profit		37,570		31,655
Selling, general and administrative expenses	*2, *3	25,375	*2, *3	25,991
Operating profit		12,195		5,664
Non-operating income				
Interest and dividend income		15,863		12,641
Rent revenue from real estate		586		568
Foreign exchange gains		3,640		5,754
Other		473		1,099
Total non-operating income	*3	20,564	*3	20,064
Non-operating expenses				
Interest expenses		324		710
Cost of real estate lease revenue		294		189
Loss on retirement of non-current assets		174		183
Other		431		868
Total non-operating expenses	*3	1,225	*3	1,951
Ordinary profit		31,533		23,776
Extraordinary income				
Gain on sale of investment securities		–		15,881
Gain on sale of shares of subsidiaries and associates		–		133
Total extraordinary income		–		16,014
Extraordinary losses				
Loss on sale of investment securities		26		–
Loss on valuation of investment securities		50		–
Loss on valuation of shares of subsidiaries and associates		4,849		–
Loss on valuation of other investments		–		2
Impairment losses	*4	5,251	*4	58
Transfer pricing adjustments	*1	17,616		–
Litigation settlement	*5	1,388		–
Loss on liquidation of subsidiaries		116		–
Total extraordinary losses		29,299		60
Profit before tax		2,234		39,730
Income taxes - current		2,674		8,585
Income taxes - deferred		(4,881)		(764)
Total income taxes		(2,207)		7,820
Profit		4,442		31,910

## (iii) Non-consolidated Statements of Changes in Equity

Previous fiscal year (April 1, 2022 through March 31, 2023)

(Millions of yen)

	Shareholders' equity								
	Share capital	Capital surplus			Legal retained earnings	Retained earnings			
		Legal capital surplus	Other capital surplus	Total capital surplus		Other retained earnings			Total retained earnings
						Reserve for tax purpose reduction entry of non-current assets	Reserve for special account for tax purpose reduction entry of non-current assets	Retained earnings brought forward	
Balance at beginning of period	17,009	17,295	2,019	19,314	3,633	3,430	5,940	128,656	141,661
Changes during period									
Provision of reserve for tax purpose reduction entry of non-current assets						600		(600)	–
Withdrawal of reserve for tax purpose reduction entry of non-current assets						(304)		304	–
Withdrawal of reserve for special account for tax purpose reduction entry of non-current assets							(1,065)	1,065	–
Dividends of surplus								(6,843)	(6,843)
Profit								4,442	4,442
Purchase of treasury shares									
Disposal of treasury shares			4	4					
Net changes in items other than shareholders' equity									
Total changes during period	–	–	4	4	–	296	(1,065)	(1,631)	(2,400)
Balance at end of period	17,009	17,295	2,024	19,319	3,633	3,726	4,875	127,024	139,260



	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	(14,209)	163,776	24,677	24,677	188,454
Changes during period					
Provision of reserve for tax purpose reduction entry of non-current assets		–			–
Withdrawal of reserve for tax purpose reduction entry of non-current assets		–			–
Withdrawal of reserve for special account for tax purpose reduction entry of non-current assets		–			–
Dividends of surplus		(6,843)			(6,843)
Profit		4,442			4,442
Purchase of treasury shares	(1,584)	(1,584)			(1,584)
Disposal of treasury shares	177	181			181
Net changes in items other than shareholders' equity			1,770	1,770	1,770
Total changes during period	(1,407)	(3,803)	1,770	1,770	(2,033)
Balance at end of period	(15,617)	159,972	26,448	26,448	186,421

Current fiscal year (April 1, 2023 through March 31, 2024)

(Millions of yen)

	Shareholders' equity								
	Share capital	Capital surplus			Retained earnings				
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings			Total retained earnings
						Reserve for tax purpose reduction entry of non-current assets	Reserve for special account for tax purpose reduction entry of non-current assets	Retained earnings brought forward	
Balance at beginning of period	17,009	17,295	2,024	19,319	3,633	3,726	4,875	127,024	139,260
Changes during period									
Provision of reserve for tax purpose reduction entry of non-current assets						3,607		(3,607)	–
Withdrawal of reserve for tax purpose reduction entry of non-current assets						(186)		186	–
Withdrawal of reserve for special account for tax purpose reduction entry of non-current assets							(4,875)	4,875	–
Dividends of surplus								(7,708)	(7,708)
Profit								31,910	31,910
Purchase of treasury shares									
Disposal of treasury shares									
Net changes in items other than shareholders' equity									
Total changes during period	–	–	–	–	–	3,420	(4,875)	25,656	24,201
Balance at end of period	17,009	17,295	2,024	19,319	3,633	7,147	–	152,681	163,462

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	(15,617)	159,972	26,448	26,448	186,421
Changes during period					
Provision of reserve for tax purpose reduction entry of non-current assets		–			–
Withdrawal of reserve for tax purpose reduction entry of non-current assets		–			–
Withdrawal of reserve for special account for tax purpose reduction entry of non-current assets		–			–
Dividends of surplus		(7,708)			(7,708)
Profit		31,910			31,910
Purchase of treasury shares	(7,355)	(7,355)			(7,355)
Disposal of treasury shares	3	3			3
Net changes in items other than shareholders' equity			6,479	6,479	6,479
Total changes during period	(7,351)	16,849	6,479	6,479	23,328
Balance at end of period	(22,969)	176,822	32,927	32,927	209,750

[Notes to Non-consolidated Financial Statements]

(Significant accounting policies)

1 Standards and methods for valuation of assets

(1) Inventory

Stated at cost using the weighted average method.

(Balance sheet value is calculated using the book value write-down method based on declining profitability.)

(2) Securities

Shares of subsidiaries and associates

Stated at cost using the moving average method.

Available-for-sale securities

Securities other than shares, etc. without market value

Stated at fair value (valuation differences are directly recorded in shareholders' equity, and the cost of securities sold is computed based on the moving-average method).

Shares, etc. without market prices

Stated at cost using the moving average method.

(3) Derivatives

Stated at fair value.

2 Depreciation or amortization method for non-current assets

(1) Property, plant and equipment

They are depreciated mainly using the declining-balance method, while some machinery and equipment is depreciated in a shorter period of time calculated by the Company.

However, buildings and structures at the headquarters (main building, research and development building, welfare building) are depreciated using the straight-line method.

In addition, the straight-line method is used for buildings (excluding facilities) acquired on or after April 1, 1998, and for facilities attached to buildings and for structures acquired on or after April 1, 2016.

(2) Small amount depreciable assets

Small-amount depreciable assets with an acquisition cost of 100,000 yen or more but less than 200,000 yen are equally amortized over three years.

(3) Intangible assets

The straight-line method is applied.

Computer software for internal use is amortized on a straight-line basis over the estimated internal useful life (five years) of the software.

(4) Long-term prepaid expenses

The straight-line method is applied.

3 Standards for recording provisions and allowances

(1) Allowance for doubtful accounts

To prepare for credit losses on receivables, an estimated uncollectable amount is recorded at the amount estimated by either using the historical rate of credit loss for general receivables, or based on individual consideration of collectability for specific receivables such as highly doubtful receivables.

(2) Provision for bonuses

To prepare for the payment of bonuses to employees, the portion of the estimated bonuses incurred at the end of the current fiscal year is recorded.

(3) Provision for bonuses for directors (and other officers)

To prepare for the payment of bonuses to directors and other officers, the portion of the estimated bonuses incurred at the end of the current fiscal year is recorded.

(4) Provision for transfer pricing adjustments

Transfer pricing adjustments expected to be paid to overseas subsidiaries in the future are recorded based on the actual sales and operating profit/loss of these overseas subsidiaries during the period of confirmation, as well as estimated future amounts.

(5) Provision for stock benefit for directors

To prepare for the future payment of Company shares to Directors pursuant to the stock payment regulations, the Company records the expected amount of stock payment obligations as of the end of the fiscal year.

(6) Provision for retirement benefit

To prepare for the payment of retirement benefits to employees, the amount accrued at the end of the fiscal year is recorded based on the retirement benefit obligations and pension assets at the end of the fiscal year.

Past service cost is amortized using the straight-line method over a certain number of years (15 years) within employees' average remaining service period when incurred.

Actuarial gains and losses are amortized using the straight-line method over a certain number of years (15 years) within employees' average remaining service period when incurred in each fiscal year, from the fiscal year following the accrual of each gain or loss.

In the calculation of retirement benefit obligations, expected retirement benefits are attributed to the period up to the end of the current fiscal year on a benefit formula basis.

(7) Provision for officers' retirement benefits

To prepare for the payment of officers' retirement benefits, the Company records the amount to be paid at the end of the fiscal year in accordance with the officers' retirement benefit regulations.

4 Standards for recognizing revenue and expenses

The Company's main business is the manufacture and sale of automobile-related products, such as automotive suspension springs, automotive seating and seat parts, and precision springs and components as well as the sale of information equipment-related products and parts.

The Company considers its performance obligations are primarily to supply finished products to customers. In principle, we determine that control of products is transferred to the customer and that performance obligations are satisfied at the time the products are delivered, and we recognize revenue at that time. For domestic sales, if the period from the time of shipment to the time when control of the products is transferred to the customer is a normal period, revenue is recognized at the time of shipment.

The transaction price is calculated by deducting discounts, rebates, etc. from the consideration promised in the contract with the customer.

In addition, the Company estimates variable consideration using the most likely method, etc. based on past experience and the latest information and recognizes only to the extent that it is highly probable that a significant reversal in revenue will not occur.

The consideration for these performance obligations is collected within approximately one year from the performance obligations are satisfied, in accordance with the payment conditions specified separately, and does not include any significant financing components.

## 5 Hedge accounting method

### (1) Hedge accounting method

Deferred hedge accounting is applied.

Allocation method (furiate-shori) is applied to some forward exchange contracts and currency swaps qualifying for such accounting treatment. Exceptional treatment (tokurei-shori) is applied to interest rate swaps qualifying for such exceptional accounting.

### (2) Hedging instruments and hedged items

<u>Hedging instruments</u>	<u>Hedged items</u>
Forward exchange contract	Forecasted transaction in foreign currency
Interest rate swaps	Borrowings
Interest rate and currency swaps	Borrowings
Currency swaps	Loans receivable

### (3) Hedging policy

Based on the Company's internal regulations, the "Cash Management Regulations," these hedging instruments are in principle to be used for the purpose of hedging against exchange rate and interest rate fluctuation risk.

Regarding the exchange rate fluctuations on foreign currency-denominated accounts receivable, which constitutes a major risk, the Company has entered comprehensive foreign currency forward contracts to avoid this risk.

In addition, the Company executes such transactions within a range based on factors considering export performance related to normal foreign currency-denominated business transactions.

### (4) Method of evaluating effectiveness of hedges

We evaluate the effectiveness of forward exchange transactions by confirming that they comply with its internal regulations, the "Cash Management Regulations," at the time of concluding such contracts.

As all interest rate swaps satisfy the requirements of the special method, we have omitted the effectiveness evaluation based on the Accounting Standards for Financial Instruments.

## 6 Significant matters forming the basis for preparation of financial statements

### Accounting for retirement benefits

The accounting methods for unrecognized actuarial gains and losses and unrecognized past service costs relating to retirement benefits differ from those used in the consolidated financial statements.

### (Significant accounting estimates)

#### Estimates for transfer pricing adjustments against U.S. subsidiaries

##### (1) Amount recorded on the financial statements

(Millions of yen)

	Previous fiscal year	Current fiscal year
Transfer pricing adjustments (Cost of sales)	–	7,439
Transfer pricing adjustments (Extraordinary losses)	17,616	–
Provision for transfer pricing adjustments	12,275	16,707

(2) Other information that contributes to the understanding of users of the non-consolidated financial statements

(i) Method of calculation

Based on the mutual agreement contents of the Advance Pricing Arrangement (APA) regarding transfer pricing taxation, the Company calculates the actual sales and operating profit/loss of its U.S. subsidiaries for the period of confirmation, as well as future estimates, and records an adjustment amount arising from the difference between the actual sales and operating profit/loss and the agreed profit margin range set in the mutual agreement.

The future estimates of sales and operating income of the U.S. subsidiaries are calculated based on the business plan approved by the Board of Directors.

(ii) Key assumptions

The key assumptions for calculating the transfer pricing adjustments are sales volume, selling price and gross profit margin for future years included in the period of confirmation.

Sales volume, selling price and gross profit margin include improvements in selling prices and manufacturing costs that are planned to be implemented in the business plan.

(iii) Impact on non-consolidated financial statements for the next fiscal year and thereafter

The above-mentioned key assumptions may be affected by changes in the business conditions of U.S. subsidiaries due to factors such as a significant increase in raw material prices, a significant decrease in automobile production in the United States due to changes in the economic environment, uncertain future economic conditions, and worsening competitive conditions, as well as fluctuations in exchange rates.

As a result of these effects, the amount of transfer pricing adjustments and the provision for transfer pricing adjustments may increase or decrease significantly in the next fiscal year and thereafter.

(Additional information)

(Stock-based compensation system for directors)

Notes to the share-based remuneration plan for Directors are omitted because the same details are stated in the “Notes (Additional Information)” section of the consolidated financial statements.

(Non-consolidated balance sheets)

\*1 Assets and liabilities of affiliated companies

The amounts of monetary claims and liabilities to affiliated companies are as follows.

(Millions of yen)

	Previous fiscal year (As of March 31, 2023)	Current fiscal year (As of March 31, 2024)
Short-term monetary claims	52,750	64,977
Long-term monetary claims	34,207	31,668
Short-term monetary obligations	66,435	78,130

2 Guarantee obligations

(1) The Company has guaranteed borrowings from financial institutions and other obligations by the following subsidiaries, associates and employees.

(Millions of yen)

	Previous fiscal year (As of March 31, 2023)	Current fiscal year (As of March 31, 2024)
NHK Manufacturing (Malaysia) SDN. BHD.	112	215
Employees	8	6
Total	120	221

- (2) The Company has guaranteed payment obligations by the following subsidiaries and associates for their purchase of goods.

	(Millions of yen)	
	Previous fiscal year (As of March 31, 2023)	Current fiscal year (As of March 31, 2024)
Topura Co., Ltd.	2,078	1,981
SUMIHATSU Co., Ltd.	535	917
YOKOHAMA KIKO CO., LTD.	769	806
NHK TRANSPORT CO., LTD.	753	793
NHK MEC Corporation	787	684
NHK Spring Production Company	262	476
NIPPATSU SERVICE Co., Ltd.	255	333
TOHOKU NIPPATSU CO., LTD.	251	270
NHK Precision Co., LTD.	277	257
NHK FLEX Co., Ltd.	51	49
ITES CO., LTD.	21	39
Total	6,043	6,609

- (3) The Company has guaranteed repayment obligations by its overseas subsidiaries for the government subsidies in the event that they fail to perform the conditions of the subsidies.

	(Millions of yen)	
	Previous fiscal year (As of March 31, 2023)	Current fiscal year (As of March 31, 2024)
NHK Spring Hungary KFT.	518	559
Total	518	559

\*3 Notes maturing at the end of the fiscal year were settled on the clearing date.

As the last day of the current fiscal year was a bank holiday, the following matured notes at the end of the fiscal year were included in the balance at the end of the current fiscal year.

	(Millions of yen)	
	Previous fiscal year (As of March 31, 2023)	Current fiscal year (As of March 31, 2024)
Notes receivable - trade	-	30

#### 4 Contingent liabilities

In November 2020, the Company received a penalty payment order (TWD 285 million) from the Taiwan Fair Trade Commission (TFTC) for violating Taiwan's Fair Trade Act (anti-monopoly law) in relation to its transactions of HDD suspensions. In objection to this, the Company appealed against such order in January 2021, and completely won the case in August 2023.

The TFTC was dissatisfied with this judgement and appealed in September 2023.

(Non-consolidated statements of income)

#### \*1 Transfer pricing adjustments

Previous fiscal year (April 1, 2022 through March 31, 2023)

Transfer pricing adjustments are payments made between the Company and its U.S. subsidiaries based on the Advance Pricing Arrangement (APA) regarding transfer pricing taxation.



Current fiscal year (April 1, 2023 through March 31, 2024)

Due to the decrease of profits and losses at the U.S. subsidiaries and the weakening of the yen, the Company has recorded an additional transfer pricing adjustment of 7,439 million yen.

As a result of this additional recording, gross profit, operating profit, ordinary profit and income before taxes for the current fiscal year have decreased by 7,439 million yen.

- \*2 The approximate proportion of expenses attributed to selling expenses was 41% in the previous fiscal year and 38% in the current fiscal year, while the approximate proportion of expenses attributed to general and administrative expenses was 59% in the previous fiscal year and 62% in the current fiscal year.

Main items and amounts of selling, general and administrative expenses are as follows.

(Millions of yen)		
	Previous fiscal year (April 1, 2022 through March 31, 2023)	Current fiscal year (April 1, 2023 through March 31, 2024)
Transportation costs	4,555	4,348
Employees' salaries and allowances	5,467	6,678
Bonus	2,673	3,119
Retirement benefit expenses	258	246
Depreciation	843	1,033
Commission expenses	4,655	3,725

- \*3 Transactions with subsidiaries and associates

(Millions of yen)		
	Previous fiscal year (April 1, 2022 through March 31, 2023)	Current fiscal year (April 1, 2023 through March 31, 2024)
Amount of operating transactions		
Net sales	71,735	78,249
Purchase of goods	80,008	96,337
Selling, general and administrative expenses	7,569	7,338
Transactions from non-operating transactions		
Interest and dividends income	14,813	10,705
Other	431	1,439

- \*4 Impairment losses

Previous fiscal year (April 1, 2022 through March 31, 2023)

The Company recognized impairment loss on the following assets.

(Millions of yen)			
Used for	Location	Category	Amount
Production facilities	Aiko-gun, Kanagawa	Buildings	1,079
		Machinery and equipment	1,168
	Kamiina-gun, Nagano	Buildings	1,132
		Structures	81
		Machinery and equipment	1,541
		Vehicles	9
		Tools, furniture and fixtures	56
		Land	30
		Construction in progress	147
		Software	4

(Background of recognition of impairment losses)

The book value of the above production facilities was written down to the recoverable value and the difference was recorded as an impairment loss since recoverability of amounts invested is not expected due to declining profitability.

(Method of grouping assets)

Individual asset items have been grouped by considering management accounting category.

(Method of calculating recoverable value)

The recoverable value of the production facilities in Aiko-gun, Kanagawa and Kamiina-gun, Nagano was determined as the net realizable value based on the real estate appraisal value and others.

Current fiscal year (April 1, 2023 through March 31, 2024)

The Company recognized impairment loss on the following assets.

(Millions of yen)

Used for	Location	Category	Amount
Production facilities	Komagane-shi, Nagano	Buildings	0
		Structures	0
		Machinery and equipment	56
		Tools, furniture and fixtures	0
		Construction in progress	0

(Background of recognition of impairment losses)

The book value of the above production facilities was written down to the recoverable value and the difference was recorded as an impairment loss since recoverability of amounts invested is not expected due to declining profitability.

(Method of grouping assets)

Individual asset items have been grouped by considering management accounting category.

(Method of calculating recoverable value)

The recoverable value of the production facilities in Komagane-shi, Nagano was determined as the net realizable value based on reasonable estimates using value in use.

#### \*5 Litigation settlement

Previous fiscal year (April 1, 2022 through March 31, 2023)

The litigation settlement was paid because a settlement was reached in a patent infringement lawsuit against the Company.

(Securities)

Shares of subsidiaries and associates

Amount of shares, etc. without market prices recorded on the balance sheets

(Millions of yen)

Category	Previous fiscal year	Current fiscal year
Shares of subsidiaries	52,454	53,471
Shares of associates	1,185	1,427
Total	53,640	54,899

(Tax effect accounting)

1 Major components of deferred tax assets and liabilities

(Deferred tax assets)

(Millions of yen)

	Previous fiscal year (As of March 31, 2023)	Current fiscal year (As of March 31, 2024)
Loss on valuation of investment securities and other	19,261	19,211
Depreciation and accumulated impairment	3,774	3,340
Provision for transfer pricing adjustments	3,731	5,079
Provision for bonuses	2,039	2,146
R&D costs, currently not deductible	1,567	1,261
Allowance for doubtful accounts	716	612
Other	1,039	1,409
Subtotal of deferred tax assets	32,131	33,062
Valuation allowance	(19,518)	(19,437)
Total of deferred tax assets	12,612	13,624
Amount offset against deferred tax liabilities	(12,612)	(13,624)
Net deferred tax assets	–	–

(Deferred tax liabilities)

(Millions of yen)

	Previous fiscal year (As of March 31, 2023)	Current fiscal year (As of March 31, 2024)
Valuation difference on available-for-sale securities	(11,229)	(14,092)
Reserve for special account for tax purpose reduction entry of non-current assets	(2,129)	–
Reserve for tax purpose reduction entry of non-current assets	(1,627)	(3,121)
Foreign exchange gains and losses	(1,420)	(2,020)
Prepaid pension costs	(1,078)	(1,380)
Other	(19)	–
Total of deferred tax liabilities	(17,504)	(20,615)
Amount offset against deferred tax assets	12,612	13,624
Net deferred tax liabilities	(4,892)	(6,990)

2 Main components of the difference between the statutory tax rate and the effective income tax rate after application of tax-effect accounting

	Previous fiscal year (As of March 31, 2023)	Current fiscal year (As of March 31, 2024)
Statutory tax rate of the reporting company	30.4%	30.4%
(Adjustments)		
Entertainment and other expenses that are never tax deductible	13.8	0.6
Dividends and other income that is never taxable	(145.8)	(5.5)
Foreign tax credits	(6.4)	(0.4)
Change in valuation allowance	41.5	(0.2)
Income special tax credits	(31.1)	(4.9)
Other	(1.2)	(0.3)
Effective income tax rate after application of tax-effect accounting	(98.8)	19.7

(Revenue recognition)

Notes to the information that provides a basis for understanding revenue from contracts with customers are omitted because the same details are stated in the “Notes (Revenue Recognition)” section of the consolidated financial statements.

(Significant subsequent events)

Not applicable.

## (iv) Annexed Detailed Schedules

## [Schedule of Property, Plant and Equipment]

(Millions of yen)

Category	Type of assets	Beginning book value	Increase in period	Decrease in period	Depreciation in the current fiscal year	Ending book value	Accumulated depreciation	Acquisition cost at the end of period
Property, plant and equipment	Buildings	19,683	8,660	33 [0]	1,594	26,715	50,572	77,288
	Structures	771	388	3 [0]	104	1,052	4,361	5,413
	Machinery and equipment	16,828	7,133	142 [56]	5,607	18,211	96,731	114,943
	Vehicles	147	75	3	66	153	593	747
	Tools, furniture and fixtures	2,476	2,578	2 [0]	2,116	2,936	26,901	29,837
	Land	11,248	28	0	–	11,275	–	11,275
	Leased assets	4	–	–	0	3	1	4
	Construction in progress	6,401	20,681	18,837 [0]	–	8,245	–	8,245
	Total	57,562	39,546	19,022 [58]	9,490	68,594	179,161	247,756
Intangible assets	Software	227	120	–	101	245	–	–
	Other	3	–	–	0	2	–	–
	Total	230	120	–	102	247	–	–

(Note) 1. Major components of the increase in period are as follows.

		(Millions of yen)
Buildings	Atsugi plant expansion	4,979
	Miyata plant expansion	2,671
Machinery and equipment	Production facilities for automotive suspension springs	1,322
	Production facilities for automotive seating	800
	Production facilities for precision springs and components	3,456
	Production facilities for industrial machinery and equipment, and other operations	719
	R&D facilities at headquarters	833
Tools, furniture and fixtures	Molds and tools for production of automotive seating	800
	Molds and tools for production of precision springs and components	987
Land	Acquisition of land for Gunma plant	25
Construction in progress	Production facilities for precision springs and components	10,000
	Production facilities for industrial machinery and equipment, and other operations	4,482

2. Major components of the decrease in period are as follows.

		(Millions of yen)
Machinery and equipment	Impairment loss for production facilities for industrial machinery and equipment, and other operations	56
Construction in progress	Production facilities for precision springs and components	10,038
	Production facilities for industrial machinery and equipment, and other operations	3,693

\* The amount in parentheses in “Decrease in period” column is the amount recorded as impairment loss.

[Schedule of Provisions]

(Millions of yen)

Category	Beginning balance	Increase in period	Decrease in period	Ending balance
Allowance for doubtful accounts	2,356	480	818	2,018
Provision for bonuses	5,921	6,145	5,921	6,145
Provision for bonuses for directors (and other officers)	105	108	105	108
Provision for transfer pricing adjustments	12,275	7,439	3,007	16,707
Provision for stock benefit for directors	12	17	3	26
Provision for officers' retirement benefits	658	171	169	659

(2) Details of Major Assets and Liabilities

This information is omitted because the Company prepares the consolidated financial statements.

(3) Other

In July 2019, the Company entered into a plea agreement with the U.S. Department of Justice and paid a penalty for violating the U.S. Sherman Act (antitrust law) regarding the manufacture and sale of suspensions for hard disk drives (HDDs).

For this case, consumer class actions seeking damages have been filed in the United States and Canada.

## VI. Share-related Administration of Reporting Company

Fiscal year	From April 1 to March 31
General Meeting of Shareholders	In June
Record date	March 31
Record date for dividends of surplus	September 30, March 31
The number of shares constituting one unit	100 shares
Purchase or sale of shares less than one unit	
Business handling office	(Special account) Marunouchi 1-4-5, Chiyoda-ku, Tokyo Transfer Agent Department, Mitsubishi UFJ Trust and Banking Corporation
Shareholder register administrator	(Special account) Marunouchi 1-4-5, Chiyoda-ku, Tokyo Mitsubishi UFJ Trust and Banking Corporation
Offices available for repurchase	-
Charge for repurchase	No charge
Method of public notice	Electronic public notice posted on the following website; provided, however, that in the event that electronic public notice is unavailable due to an accident or any other unavoidable reason, the public notice shall be given in the manner of the publication in the Nikkei (Nihon Keizai Shimbun) newspaper. The Company's website for public notices: <a href="https://www.nhkspg.co.jp">https://www.nhkspg.co.jp</a>
Shareholders privileges	-

(Note) Shareholders of the Company shall not exercise any rights except for the following rights with respect to shares less than one unit held by them.

- 1 the rights listed in each item of Article 189, paragraph (2) of the Companies Act;
- 2 the right to make a request under Article 166, paragraph (1) of the Companies Act;
- 3 the right to receive the allotment of shares for subscription and share options for subscription, according to the number of shares held by them; and
- 4 the right to make a request to sell the shares less than one unit held by them.

## **VII. Reference Information on Reporting Company**

### **1. Information on Parent Company or Equivalent of Reporting Company**

The Company has no parent company or equivalent as prescribed in Article 24-7, paragraph (1) of the Financial Instruments and Exchange Act.

### **2. Other Reference Information**

The Company filed the following documents in the period from the beginning of the fiscal year under review to the date of submission of the Annual Securities Report.

#### **(1) Annual Securities Report and its attachments and Confirmation Letter**

The 103rd fiscal year (April 1, 2022 through March 31, 2023)

Filed with the Director-General of the Kanto Local Finance Bureau on June 29, 2023

#### **(2) Internal Control Report and its attachments**

The 103rd fiscal year (April 1, 2022 through March 31, 2023)

Filed with the Director-General of the Kanto Local Finance Bureau on June 29, 2023

#### **(3) Quarterly Securities Reports and Confirmation Letter**

##### **(i) First quarter of the 104th fiscal year (April 1, 2023 through June 30, 2023)**

Filed with the Director-General of the Kanto Local Finance Bureau on August 10, 2023

##### **(ii) Second quarter of the 104th fiscal year (July 1, 2023 through September 30, 2023)**

Filed with the Director-General of the Kanto Local Finance Bureau on November 14, 2023

##### **(iii) Third quarter of the 104th fiscal year (October 1, 2023 through December 31, 2023)**

Filed with the Director-General of the Kanto Local Finance Bureau on February 14, 2024

#### **(4) Extraordinary Report**

##### **(i) Extraordinary report based on Article 19, paragraph (2), item (ix)-2 of the Cabinet Office Order on Disclosure of Corporate Affairs (Results of the exercise of voting rights at the General Meeting of Shareholders)**

Filed with the Director-General of the Kanto Local Finance Bureau on June 30, 2023

##### **(ii) Extraordinary report based on Article 19, paragraph (2), item (ix) of the Cabinet Office Order on Disclosure of Corporate Affairs (Change to Representative Director)**

Filed with the Director-General of the Kanto Local Finance Bureau on January 25, 2024

##### **(iii) Extraordinary Report based on the provisions of Article 19, paragraph (2), items (xii) and (xix) of the Cabinet Office Order on Disclosure of Corporate Affairs (Occurrence of an event that may have serious effects on the financial position, operating results and cash flow status of a reporting company)**

Filed with the Director-General of the Kanto Local Finance Bureau on February 13, 2024

##### **(iv) Extraordinary report based on Article 19, paragraph (2), item (iv) of the Cabinet Office Order on Disclosure of Corporate Affairs (Changes to major shareholders and the largest shareholders)**

Filed with the Director-General of the Kanto Local Finance Bureau on March 14, 2024

##### **(v) Extraordinary report based on Article 19, paragraph (2), item (iv) of the Cabinet Office Order on Disclosure of Corporate Affairs (Change to major shareholders)**

Filed with the Director-General of the Kanto Local Finance Bureau on May 29, 2024

#### **(5) Amendment Report of Extraordinary Report**

Filed with the Director-General of the Kanto Local Finance Bureau on July 3, 2023

Amendment report relating to the extraordinary report (Results of the exercise of voting rights at the General Meeting of Shareholders) filed on June 30, 2023.



(6) Share Buyback Report

- (i) Reporting period from February 1, 2024 through February 29, 2024: Filed with Director-General of the Kanto Local Finance Bureau on March 13, 2024
- (ii) Reporting period from March 1, 2024 through March 31, 2024: Filed with Director-General of the Kanto Local Finance Bureau on April 11, 2024
- (iii) Reporting period from April 1, 2024 through April 30, 2024: Filed with Director-General of the Kanto Local Finance Bureau on May 14, 2024
- (iv) Reporting period from May 1, 2024 through May 31, 2024: Filed with Director-General of the Kanto Local Finance Bureau on June 11, 2024

**Part II. Information on Guarantors, etc. for Reporting Company**

Not applicable.

Note : This document has been translated from the Japanese original for reference purposes only.

In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.